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STATE OF NEW YORK

REPORT

OF THE

ATTORNEY GENERAL

IN THE MATTER OF THE

MILK INVESTIGATION

TRANSMITTED TO THE LEGISLATURE APRIL 25, 1910

ALBANY
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STATE OF NEW YORK

No. 45.

IN SENATE

April 25, 1910.

Report of the Attorney-General in the Matter of the Milk Investigation.

To the Legislature:

In the latter part of November, 1909, my attention was called to certain facts and circumstances tending to show that a combination in restraint of trade and a monopoly in the milk traffic existed in the city of New York. This information consisted of statements made in the public press, a complaint made to this Department by a board of trade in the borough of Kings, New York city, and the fact that the price of canned milk had been simultaneously advanced one cent a quart by all the dealers in New York city, on November 1, 1909. If this information and charges were true, it was a serious matter and demanded prompt action. Milk being an article of common consumption among all the people in Greater New York, I deemed it my duty to immediately investigate these charges, with a view of ascertaining whether or not they were well founded.

On the 6th day of December, 1909, in pursuance of article 22 of the Consolidated General Business Law of the State, commonly known as the Anti-Monopoly Law, I made an application to the Supreme Court, in the county of New York, for the appointment of a referee to take the testimony of certain witnesses in reference to the existence of such a monopoly and combination in restraint of trade.

Said act, among other things, provides:

"§ 340. *Contracts for monopoly illegal and void.* Every contract, agreement, arrangement or combination whereby a monopoly in the manufacture, production or sale in this state of any article or commodity of common use is or may be created, established or maintained, or whereby competition in this state in the supply or price of any such article or commodity is or may be restrained or prevented, or whereby for the purpose of creating, establishing or maintaining a monopoly within this state of the manufacture, production or sale of any such article or commodity, the free pursuit in this state of any lawful business, trade or occupation is or may be restricted or prevented, is hereby declared to be against public policy, illegal and void."

REMEDIES.

Two remedies are given for the enforcement of the section above:

1. By section 341 it is provided:

"*Penalty.* Every person or corporation, or any officer or agent thereof, who shall make or attempt to make or enter into any such contract, agreement, arrangement or combination, or who within this state shall do any act pursuant thereto, or in, toward or for the consummation thereof, wherever the same may have been made, is guilty of a misdemeanor, and on conviction thereof shall, if a natural person, be punished by a fine not exceeding five thousand dollars, or by imprisonment for not longer than one year, or by both such fine and imprisonment; and if a corporation, by a fine of not exceeding five thousand dollars.

2. Section 342 provides:

"*Action to restrain and prevent.* The attorney-general may bring an action in the name and in behalf of the people of the state against any person, trustee, director, manager or other officer or agent of a corporation, or against a corporation, foreign or domestic, to restrain and prevent the doing in this state of any act herein declared to be illegal, or any act

in, toward or for the making or consummation of any contract, agreement, arrangement or combination herein prohibited, wherever the same may have been made."

3. Section 343 provides:

"*Procedure; application for order.* Whenever the attorney-general has determined to commence an action or proceeding under this article, he may present to any justice of the supreme court, before beginning such action or proceeding, an application in writing, for an order directing the persons mentioned in the application to appear before a justice of the supreme court, or a referee designated in such order, and answer such questions as may be put to them or to any of them, and produce such papers, documents, and books, concerning any alleged illegal contract, arrangement, agreement or combination in violation of this article; and it shall be the duty of the justice of the supreme court, to whom such application for the order is made, to grant such application. The application for such order made by the attorney-general may simply show upon his information and belief that the testimony of such person is material and necessary. The provisions of the code of civil procedure, chapter nine, title three, article one, relating to the application for an order for the examination of witnesses before the commencement of an action and the method of proceeding on such examinations, shall not apply except as herein prescribed. The order shall be granted by the justice of the supreme court to whom the application has been made, with such preliminary injunction or stay as may appear to such justice to be proper and expedient, and shall specify the time when and place where the witnesses are required to appear, and such examination shall be held either in the city of Albany, or in the judicial district in which the witness resides, or in which the principal office within this state, of the corporation affected, is located. The justice or referee may adjourn such examination from time to time and witnesses must attend accordingly. The testimony of each witness must be subscribed by him, and all must be filed in the office of the clerk of the county in which such order for examination is filed."

In pursuance of the above provisions and upon my application, Mr. Justice Seabury appointed William Grant Brown referee to take the testimony. I designated John B. Coleman, Esq., of 32 Nassau street, New York city, Special Deputy Attorney-General, to conduct the investigation. The order directed that the examination of witnesses be held in the office of the Attorney-General, No. 299 Broadway, borough of Manhattan, New York city, or such other place in the city of Albany as the referee shall designate, and ordered that the directors, officers and managers of the Consolidated Milk Exchange, a foreign corporation engaged in business in the State of New York, the officers, directors, managers and agents of the Borden Condensed Milk Company, a foreign corporation engaged in business in the State of New York, and the officers, managers, agents and directors of the Sheffield Farms, Slosson-Decker Company, a domestic corporation engaged in business in the State of New York, and the officers, managers, agents and directors of the Mutual Milk and Cream Company, a domestic corporation doing business in the State of New York, The Alexander Campbell Milk Company, to appear before said referee, at various dates mentioned in said order, and answer such questions as might be put to them, or any of them, and to produce such papers, documents and books, concerning such illegal contract, arrangement or combination, as said referee should require, and further directed and ordered certain officers of the Consolidated Milk Exchange to produce upon such examination all minute books, books of record, papers or memoranda showing proceedings taken at the meetings of the board of directors and the stockholders of such company, from the time of its organization down to the present time, together with a copy of its by-laws, rules or regulations for the conduct of its business, and a list of its stockholders; also its stock books, stock ledgers and stock certificate books, contracts, books, records and agreements and memoranda showing the prices fixed by said company for the purchase and sale of milk.

Similar provisions of the order directed certain officers of the Borden Condensed Milk Company, the Mutual Milk and Cream Company and the Sheffield Farms, Slosson-Decker Company, to produce similar records of books, papers, memoranda and proceeding of their companies respectively.

Certain officials of all the corporations heretofore named were examined upon the hearings before the referee. Mr. Marvin Scudder, an expert accountant, at my direction, examined the books of the Borden, the Sheffield, the Mutual Milk Company and the Alexander Campbell Milk Company.

Hearings were held in the city of Albany, where about twenty-eight milk producers testified, who were not named in the order of the court. Each one of these represented one of the large dairy counties of the State, as follows: Allegany, Broome, Delaware, St. Lawrence, Montgomery, Cattaraugus, Erie, Tioga, Herkimer, Chenango, Otsego, Franklin, Albany, Washington, Orange, Oswego, Jefferson and Oneida.

It was thought wise to call the producers, to ascertain the prices that have been obtained for milk, covering a period of years back, the approximate cost to produce and market the milk, and in general to get all the information possible regarding the cost of production, transportation and distribution of milk in the city of New York.

During the investigation much valuable information was brought out or offered by persons having made a study of various phases of the question of pure milk, the amount of milk consumed annually in New York city, a comparison of the Borden and Consolidated Milk Exchange prices, the price of fluid milk prevailing in various cities of the United States and Canada, statistical reports on the population of milk cows, etc., the milk supply of New York city, with recommendations submitted to the mayor by the milk commission, country milk and dairy inspection by the department of health, city of New York, pasteurization of milk, milk supply and control in Berlin, together with much valuable information upon the subject of milk as a medium of infectious diseases, dealing with the general subject of handling milk from the standpoint of public health to the consumer.

About 3,700 pages of testimony were taken in this investigation. The referee, with much pains and labor, has digested in a brief narrative form all of the testimony taken, covering these subjects, down to 474 pages, in a separate volume, a copy of which I herewith submit with my report. It contains invaluable information to the producers, distributors and consumers of milk, and I most

earnestly recommend that the synopsis of the testimony and information obtained upon these hearings, as reduced by the referee, be printed in a limited number of volumes, for distribution among those interested in the production and consumption of this article of common necessity.

The hearings before the referee commenced on the 6th day of December, 1909, and continued until the 3d day of March, 1910. I here desire to commend the very efficient services rendered the State by the Special Deputy Attorney-General, Mr. John B. Coleman, and the referee, Mr. William Grant Brown. The testimony taken and information gathered disclosed the following facts:

AS TO THE EXISTENCE OF AN AGREEMENT OR COMBINATION TO FIX THE PRICE PAID TO THE PRODUCER.

In 1882, the Milk Exchange, limited, was organized under the laws of this State, ostensibly for the purpose of fixing a fair and equitable price to be paid for milk to the producers by the dealers doing business in New York city and vicinity. The producers were not given an equal representation with the dealers in the corporation, the result being that the producers with few exceptions became inactive in the proceedings of the Exchange. The Exchange met each month and fixed the prices that the members of the Exchange would pay to the producers for milk and also did a small commission business in selling milk.

In 1891, the Attorney-General brought an action to dissolve this corporation, on the ground that it was a combination to limit and lessen the supply of milk in the State of New York and to fix and control the price thereof.

This litigation resulted in a judgment being entered in the county of Broome in 1895, dissolving the corporation and nullifying its charter on the grounds stated.

About six months later, practically the same dealers and persons who composed the officers of the board of directors of the Milk Exchange, limited, incorporated in the State of New Jersey, under the name of the Consolidated Milk Exchange. Four of the original incorporators of the Exchange were original incorporators of the Consolidated Milk Exchange and Alfred Ely was attorney for

the Milk Exchange and appeared as counsel for it in the action for dissolution. The principal office of the Consolidated Milk Exchange in New York city was the same as that of the former corporation, which was No. 6 Harrison street. They met and voted to fix the price to be paid to the producers for milk in the same manner as the board of directors of the old Milk Exchange did. The method adopted by the Consolidated Milk Exchange for fixing the price of milk was as follows:

Each director was a member of the "Committee on Values." After an informal discussion of what the price of milk ought to be for the succeeding month, a ballot was taken, and as a result of that ballot the price was fixed. A sample of the action of the "Committee on Values," as disclosed by the minutes of the board of directors, is as follows:

"A recess was then ordered, subject to the call of the chair, and, on reassembling, the chairman on values reported that, in the judgment of the committee, they found the value of milk to be per can of forty quarts, less freight charges from each respective shipping-point, together with an allowance of five cents per can for shortage. This report was duly accepted."

The word "value" is used instead of the word "price" for the undoubted purpose of evading a violation of the law prohibiting the fixing of prices. Indeed a record of one of the meetings of this company shows that the word "price" was originally used, but was stricken out and the word "value" inserted.

After the prices or values were fixed in this way, they were communicated to the Milk Reporter, a newspaper published in New Jersey. Upon the receipt thereof, the Milk Reporter sent out postal cards to its subscribers, comprising practically all of the members of the Consolidated Milk Exchange. These postals were of the following general form:

"OFFICE OF THE MILK REPORTER,"

"Sussex, N. J., ..., 19 .

"Commencing October 1, ..., and until otherwise announced, the price of milk will be ..... cents per quart, being an advance of ..... of a cent per quart.

"THE MILK REPORTER."

Borden's Condensed Milk Company, the largest dealer in milk in the State, gave notice every six months to the producers what it would pay for milk during the ensuing six months. Borden's prices and those established by the Exchange were not always the same, but on the average were substantially the same. In the same way the Sheffield Farms, Slawson-Decker Company, the second largest dealer, sent out the prices it would pay to the producer. In some cases the price was exactly the same as Borden's; in other instances, the same as the Exchange, and in others a price which approximated Borden's and the Milk Exchange prices.

The result was that a producer desiring to sell his milk in the New York market was compelled to sell either at Borden's or the Exchange prices, which were practically identical, and if not satisfied with either of these, he was compelled either to manufacture his milk into butter or cheese, or market it with unknown and oftentimes irresponsible dealers. On account of these conditions many farmers have stopped producing milk and there exist many abandoned dairy farms throughout the State.

In my judgment these facts have demonstrated that there exists in New York city a condition which in effect is a combination which fixes the price at which the producer is obliged to sell milk and that he has no voice in determining what that price will be.

THE PRICES PAID THE PRODUCERS WERE UNREASONABLE AND UNPROFITABLE.

The evidence further shows that the average price paid by the Exchange and Borden's to the producer for the years 1908 and 1909 was from 3⅓ to 3½ cents a quart. The average cost of production during the same period, as testified to by the producers, was 3.513 cents a quart. They were unanimous in agreeing that they were selling milk for about what it cost to produce.

The figures as to cost of production given by the producers are substantially the same as those given by the witnesses called who were dealers and also producers, all agreeing that it costs from 3 to 4 cents to produce a quart of milk. The result is that the business of producing milk is not a profitable one for the metropolitan market. The producer has no voice in making the price at which he may sell his milk. In other words, if he sells his milk in the

New York market, it must be at the price fixed by the "Value Committee" of the Consolidated Milk Exchange or the price at which Borden's will buy milk for each six months. If there is no creamery or cheese factory close to the producer, he has no alternative but to accept the prices above named, unless he takes his chance of sending milk to an unknown and oftentimes irresponsible dealer, which in many cases means the entire loss of his shipment.

COST OF MILL FEED A CHIEF FACTOR IN THE COST OF THE PRODUCTION OF MILK.

The testimony shows that, for at least eleven years last past, it took 1.7 pounds of mill feed throughout the year to produce a quart of milk, and that mill feed cost, on an average, for the same period 1.4 cents a pound. That is, the average cost of mill feed, during this period, employed in the production of milk, was slightly over 42 per cent. of the selling price of milk during that period, milk during that period having averaged 2.99 cents per quart. Mill feed has been greatly advancing in price for the last twenty years, until the present price of about $3 per ton is about double what it cost twenty years ago.

AS TO A COMBINATION TO FIX THE PRICE TO THE CONSUMER.

On November 1, 1909, practically all the dealers in bottled milk in the city of New York raised the price to consumers from 8 to 9 cents a quart. Much testimony was introduced showing that the dealers had for a month or two previous to November, 1909, consulted together as they met from time to time in reference to what they termed the "advisability and necessity for raising the price of milk." They deny that any specific agreement was entered into, but some dealers admitted that they had urged their associates to raise the price of milk to that amount at that time.

In connection with the raising of the price of milk to consumers the testimony developed the fact that an organization known as the Milk Dealers' Protective Association was organized under the Membership Corporation Law of the State of New York in the month of October, 1895, at the time the Consolidated Milk Ex-

change was organized in New Jersey. This Milk Dealers' Protective Association, while organized ostensibly as a club, comprised in its membership a large number of the dealers in the city of New York. The evidence tended to show that these dealers did sell milk to stores and consumers in the city of New York at a uniform price, generally 38 cents a can above the Exchange price. The purpose of this organization was to discourage independent action by dealers by drastic action and methods.

The evidence showed that all the members of the Milk Dealers' Protective Association endeavored to maintain this price, and if an independent dealer, not a member of the Association, attempted to sell milk at a lower price than that established by the Association, what was known as the "dead" wagon was started after him. The peculiar duty of this "dead" wagon was to go around to the customers of the independent dealer and to offer them milk at a lower price than the independent was selling at. This "dead" wagon was maintained and supported by the Milk Dealers' Protective Association. If the operations of the "dead" wagon were not successful in putting an independent dealer out of business, an attempt was usually made to cut off his supply of milk by coercion, threats or influence exerted upon the party who was supplying the independent with milk, sometimes as high as $1,500 being offered to the party supplying the independent with milk if he would break his contract with the independent or send the independent sour milk for a few days.

This particular feature of the testimony was called to the attention of the district attorney of New York county by Mr. Coleman, my deputy, with the request that this branch of the case be presented to the grand jury, which was done.

The above testimony warrants the conclusion, almost to a moral certainty, that an agreement was made and an understanding had in some way that the price of milk should be raised on or about the 1st of November. In view of the fact that the officers of each corporation and the individual milk dealers deny the existence of any such agreement, it leaves the State without any legal evidence that such an agreement existed, other than the presumption that would follow from the simultaneous raise of the price by nearly all the dealers from 8 to 9 cents.

I believe the evidence in the case would warrant the bringing of an action against the Consolidated Milk Exchange for the cancellation of its certificate to do business in this State, and for an injunction restraining it from further acts within this State in fixing the price of milk, as indicated by the action of its "Committee on Values."

Shortly after the hearings began in this investigation and many of the facts regarding the operation of the Consolidated Milk Exchange and its manner of fixing prices had been developed, the officers of the company made an application to the Secretary of State for the cancellation of its license and to voluntarily be permitted to withdraw from the State. This action upon their part of course withdrew the corporation from the jurisdiction of the courts of this State.

However, some of the constituent or integral parts of the Consolidated Milk Exchange, viz., certain stockholders, directors and officers, are within this jurisdiction, and they are, in many instances, dominant factors in corporations dealing in milk in this State. The price established by the Consolidated Milk Exchange is utilized by these directors in their respective corporations in purchasing milk. These directors, at meetings of the Consolidated Milk Exchange held in New Jersey, pass resolutions that become effective in this State, and it may be feasible to start proper proceedings to prevent these individuals from participating in any act which ultimately tends to the creation of a monopoly in a common necessity of life.

PRICES REDUCED.

One of the most important results accomplished was the reduction of the price of milk from nine cents to the old rate of eight cents. This was undoubtedly brought about by the severe criticism visited upon the dealers in milk, the general agitation produced by the investigation, and more particularly the development of facts showing that the raise in price was not warranted.

During the hearings a copy of all the evidence taken was furnished to the district attorney of New York county. Upon such evidence a special grand jury summoned on February 28, 1910,

found individual and blanket indictments against eight members of the board of directors of the Consolidated Milk Exchange for violating the provisions of the Anti-Monopoly Act.

WAS THE RAISE OF THE PRICE OF BOTTLED MILK FROM EIGHT TO NINE CENTS JUSTIFIED?

An attempt was made by the dealers to justify this unanimous action on their part upon the ground that the additional cost of milk made it necessary. While it is true that the dealers began to pay a little more for milk in the last two months of 1909, the average price paid for that year was slightly less than paid during the previous year to the producers. The increase to the producer was only one-fourth of a cent, while the remaining three-fourths of a cent increase was retained by the dealers.

Furthermore, an examination of the books of some of the largest dealers revealed the fact that enormous profits were being made by the milk dealers. According to the information gathered by Mr. Scudder, the expert accountant, one company showed net profits on fluid milk alone, sold in New York and Chicago for the nine months ending September 30, 1909, of $779,407.92, and for the corresponding nine months during the year 1908, of $439,054.80, showing that during the same period in 1909 the net profits on fluid milk alone, in New York and Chicago, increased $340,353.12 over the preceding year. This company's total net profits for the year ending September 30, 1909, were $2,617,029.40. The total capital stock of this company, issued and outstanding during that year, was $25,000,000, of which $15,428,408.46 was issued for trade-marks, patents and good will. This company during the ten years of its existence paid nearly every year a dividend of 6 per cent. on its common stock and during that time has succeeded in rolling up a surplus of $8,824,230.59 in addition thereto. This same company showed net profits, after all charges and expenses of every kind and nature had been deducted, on fluid milk and cream in New York alone, for the year ending June 30, 1909, of $682,367.16, and this was on an investment, as shown by their tax statement filed by them in the office of the Comptroller of the State of New York, of $4,890,487, which was employed in the fluid milk and cream business in the city of New York. This would show

a net return to this company on this branch of its business of about 14 per cent. during the year ending June 30, 1909, whereas during the year ending June 30, 1908, the net profits of this same company on this same branch of its business amounted to $512,-243.89; the year ending June 30, 1909, showing an increase over the previous year of something over $170,000.

Another company, which was incorporated about eight years ago, for the sum of $500,000 of which $200,000 was issued for tangible assets and $300,000 for good will, showed that the net earnings for the year ending February 28, 1909, after deducting all charges and expenses of every kind and nature, were $221,-694.63, and further showed that the net earnings for the eight months ending October 31, 1909, after deducting all charges and expenses of every kind and nature, were $257,923.47, which is over 120 per cent. on the amount originally invested in this company eight years ago. In the meantime, this same company has paid on its capital stock over 12 per cent. dividends each year, the dividends for the year ending December 31, 1909, being 22 per cent. and it has in addition rolled up a surplus of $962,627.02.

These are only two of the instances which show that the raise in price from 8 to 9 cents a quart for bottled milk to the consumers about November 1, 1909, was not justified, either by the increase in price paid to the producer for milk or by the increased cost in handling, the evidence showing that the enormous profits realized in the year 1908 were greatly exceeded by those realized in the year 1909, the year in which the price to the consumer was raised.

It is only fair to say that the small dealers made no such profits, for the reasons, first, that it costs more to handle milk per quart in small quantities than in large, and the aggregate profits on small sales are, of course, limited.

CAPACITY OF MILK BOTTLES.

During the investigation it was charged that some dealers were selling milk in bottles represented as containing a quart of milk, when in fact they contained considerably less. This is a matter that should also receive attention from the Legislature. Legislation should be enacted requiring all bottles used for holding milk

sold in this State to be plainly stamped in marks blown into the glass with the number of quarts or pints that each bottle holds, together with the name of the maker of such bottle. It should be further made a misdemeanor for any maker of such bottle to so stamp a false measure on the bottle and a misdemeanor for any dealer to sell milk in bottles not so stamped or falsely stamped.

REMEDIES.

Milk is one of the necessaries of life. Any condition or circumstances, the result of an agreement or otherwise, which lessens the supply or raises the price of milk or which tends to place beyond the reach of the poor an adequate supply of pure and wholesome milk, creates an intolerable condition, for which a remedy must be found.

The several States have enacted what are commonly called anti-monopoly laws. The purpose of these laws is to restrain monopoly and prevent an interference with competition. To a great extent these statutes have not brought the relief hoped for. Manufacturers and middlemen have learned the great advantages that come from agreements or understandings which eliminate competition.

These understandings need not be in writing or formally made. They may be in the form of what is known as an understanding or a "gentlemen's agreement." It is practically impossible to frame a law, no matter how stringent, which will reach the so-called "gentlemen's agreement."

Dealers in a certain article have only to discuss the conditions of their business at the club or at noonday lunch. They learn from each other what the judgment of the majority is as to prices. They know that a formal agreement is in restraint of trade and in violation of the average anti-monopoly law. The prices fixed are called their judgment of values, and as a result they can take the stand and testify that there was no agreement between them upon the subject of valuation or price. Such action is just as effective as a formal agreement would be. It accomplishes the same purpose, and at the same time enables them to satisfy their consciences by swearing that there was no formal or other kind of an agreement made. The laws enacted for the purpose of restrain-

ing monopoly and fostering competition should be continued, but it is self-evident that the almost insurmountable obstacle to overcome is the obtaining of legal evidence of the existence of the "gentlemen's agreement." Because of this, it is necessary, especially in the case of a necessity of life, for the State to go further and undertake to regulate the prices which middlemen and dealers may charge for and profits they may make from dealing in articles of common necessity such as milk.

In the case of combinations to fix the price of certain commodities, such as steel rails, etc., railroad companies and large consumers are in a position to fight such combinations. Large, single, individual consumers of any product may, before submitting to extortion, proceed to manufacture the product themselves, but the individual consumer of milk cannot buy or rent a dairy farm. They are so scattered that it is impossible for them to combine in purchasing what might be called a co-operative dairy. The plain duty of the State, acting for the people, is to regulate the milk traffic so that the consumer and producer will not be at the mercy of the middleman. The highest duty which the State has to perform is to protect the public from imposition and wrongdoing. Public service corporations may be limited in the rates they charge. The price of gas and grain elevator charges have been fixed by law. The reason for this is to protect the public from extortion. Public service corporations enjoy special franchises from the State which may become a monopoly, but, as we have seen, a monopoly can be created as effectually through a "gentlemen's agreement" as by the granting of a special franchise. This being so, governmental regulation would seem the only remedy to protect the people from this sort of monopoly. The State might regulate the maximum prices for milk which can be sold to the consumer, see that an adequate supply of milk is available for the State's inhabitants, and that reasonable prices are paid to the producer for milk.

By legislative enactment, it might be declared that certain articles, such as milk, flour, coal, ice and meat, are articles of common necessity. A commission could be provided for, to be appointed by the Governor, the members of which, if practicable, to be suggested by members of boards of trades in cities and the

State Grange. No member of such commission should be permitted to be engaged or interested in the business of trafficking or dealing in the articles enumerated as common necessities. The act should further provide that any corporation intending to deal or traffic in these common necessities of life should procure a license to carry on such business. The commission should be given plenary power to inquire into all the affairs of those engaged in the business, with power of subpœna, and be vested with the right to obtain full information upon all subjects pertaining to the business, so as to enable the commission to perform its duties. This commission should have the power to fix the prices or profits which may be charged or made, over and above the price paid to the producer, with the power to regulate the producer's price also. If the dealer is confined to a certain profit, the incentive to fix an unreasonable price upon the producer is largely, if not wholly, removed.

Effective organization or community of effort can produce and distribute any article of common necessity cheaper than the individual. Therefore, organization, in and of itself, by reason of the fact of the cheapening of articles of common consumption, is not the primary evil, but it is the abuses of organization, such as raising prices after competition has been stifled, with which the State must deal.

The old legal maxim, "there is no wrong without a remedy," is still in force. Concededly this investigation discloses that a positive wrong exists, and the paramount duty for the State is to find a remedy for that wrong.

The congestion of population in our cities has given rise to new conditions in our industrial and economic life. Articles of common consumption, such as milk, flour, coal, ice and meat, that formerly, under the law of supply and demand, reached the consumer at a fair price, have become the subject of monopoly, through organization and combination between middlemen. Dealing in these articles of common necessity might be regulated by the government if such regulation shall be found to be impracticable, it will furnish a new and powerful argument for municipal ownership, and municipalities will ask for legislative authority to undertake the distribution of these common necessi-

ties of life among their citizens. It will not do to argue that there is no remedy. Such a contention would be a confession that our form of government is a failure, and the people in these great centers of population will become the victims of the greedy and rapacious, who are able under present conditions to prey upon the producer and consumer with impunity.

All of which is respectfully submitted,

EDWARD R. O'MALLEY,

Attorney-General.

Dated, Albany, N. Y., April 25, 1910.

SUPREME COURT OF NEW YORK—
COUNTY OF NEW YORK.

IN THE MATTER

OF

The Petition of Edward R. O'Malley, Attorney-General of the State of New York, for an order directing Charles H. C. Beakes and others to appear before a Referee for examination, pursuant to Article 22 of Chapter 20 of the Consolidated Laws of the State of New York, known as the General Business Law.

Synopsis of Testimony Taken Before William Grant Brown, Referee, and a Digest of Information Obtained by the Referee from Official Scientific Reports from Various Countries, Letters and Suggestions from Practical and Scientific Men.

Referee appointed on the 6th day of December, 1909, by Hon. Samuel Seabury, Justice of the Supreme Court of the State of New York.

Supreme Court of New York—
County of New York.

In the Matter

of

The Petition of Edward R. O'Malley, Attorney-General of the State of New York, for an order directing Charles H. C. Beakes and others to appear before a Referee for examination, pursuant to Article 22 of Chapter 20 of the Consolidated Laws of the State of New York, known as the General Business Law.

Synopsis of Testimony Taken Before William Grant Brown, Referee, and a Digest of Information Obtained by the Referee from Official Scientific Reports from Various Countries, Letters and Suggestions from Practical and Scientific Men.

The Milk Exchange, Limited, will be referred to as the "Exchange Limited," and the Consolidated Milk Exchange, Limited, will be referred to as "The Consolidated."

The "Exchange Limited" was organized on the 21st day of October, 1882, under chapter 611 of the Laws of 1875, entitled "An act to provide for the organization and regulation of certain business corporations," with a capital stock of ten thousand dollars ($10,000), with the following named gentlemen as incorporators or original subscribers to the capital stock:

George Slaughter, John W. Tayntor, George Conklin, Charles H. C. Beakes, Robert F. Stevens, Thomas O. Smith, R. R. Tone, W. A. Wright, P. E. Sanford, J. D. Miller, Joseph Laemmle, G. O. Omsted, T. J. Tuthill and Jesse Durland.

The purpose of the corporation, as expressed in the charter, was: "The object and nature of the business for which said corpora-

tion is to be formed is the buying and selling of milk at wholesale and retail, the purchase of dairies of milk when deemed advisable and the sale of same to milk dealers."

The charter also provided as follows:

" The number of shares of which said capital stock shall consist to be four hundred shares of twenty-five dollars each issued subject to the requirements of the By-laws."

On or about the 16th day of January, 1891, an action was commenced by the Attorney-General of the State of New York, Hon. Charles F. Tabor, in the name of the People of the State of New York against the " Exchange Limited," and the relief sought was: First, nonuser; second, an unlawful and illegal combination and conspiracy made in restraint of trade to limit the supply of milk and to fix and control the price thereof in the city of New York and elsewhere, and on or about the 1st day of May, 1895, the " Exchange Limited " was dissolved by a decree of the Supreme Court made and entered in the office of the Clerk of the county of Broome, State of New York.

In the opinion written by Judge Haight for the Court of Appeals the statement of facts as they appeared in the case is as follows:

" It appears that the Milk Exchange when organized, or shortly thereafter, had ninety odd stockholders, a large majority of whom were milk dealers in the city of New York or creamery or milk commission men doing business in that vicinity; that at the first meeting of the exchange after its incorporation, the following, among other by-laws, was adopted: ' The board of directors shall have the power to make and fix the standard or market price at which milk shall be purchased by the stockholders of this company and to declare the stock of any and every stockholder herein who purchases milk at any other than the price so named by the board, forfeited, subject to the conditions set forth in article 3, sections 4 and 5, of these by-laws. All stock so forfeited by said board of directors shall be subject to the order of the board of directors and shall be disposed of they direct.' This by-law remained in force for a number of years and until after there was an investigation as to the character and nature of the defendant's business and a report made by a committee of the Senate. The by-law was then amended by striking out that part thereof which authorized the forfeiture of the stock of a stockholder who purchased milk at another price than that fixed by the Exchange. It was again amended in April, 1890, but that part thereof which provided that the board of directors shall have the power to determine and fix

from time to time the Exchange price of milk was retained. Acting upon these by-laws the defendant's board of directors have from time to time during its corporate existence fixed the price of milk to be paid by dealers, and the prices so fixed have largely controlled the market in and about the city of New York and of the milk-producing territory contiguous thereto.

"These facts are significant, and we are unable to escape the conviction that there was a combination on the part of the milk dealers and creamery men in and about the city of New York to fix and control the price that they should pay for milk. Was this lawful?"

145 N. Y. 269.

"The Consolidated" was organized under the Corporation Laws of the State of New Jersey on or about the 15th day of November, 1895, with a capital stock of twenty-five thousand dollars ($25,000), with the following named gentlemen as incorporators:

John A. McBride, J. E. Wells, Thomas B. Harbison, Charles H. C. Beakes, William C. A. Witt, M. L. Sanford, J. V. Jordon, Fred H. Beach, John P. Wierck, George A. Slaughter and William A. Wright.

The names and places of residence of the stockholders and number of shares held by each, as appear in said original articles of incorporation of "The Consolidated," are as follows:

Frederick H. Beach	Dover, N. J.	1 share.
Daniel Bailey	Glenwood, N. J	5 shares.
John A. McBride	Quarryville, N. J	5 shares.
Charles H. C. Beakes	Orr's Mills, N. Y	5 shares.
Thomas H. Harbison	Philadelphia, Pa	5 shares.
I. C. Jordan	Middletown, N. Y.	5 shares.
Joseph Laemmle	New York city	5 shares.
Joseph V. Jordan	Newburgh, N. Y	5 shares.
George Slaughter	Campbell Hall, N. Y.	5 shares.
Milton L. Sanford	Warwick, N. Y.	5 shares.
W. C. A. Witt	New York city	5 shares.
James E. Wells	Chester, N. Y	5 shares.
William A. Wright	Brooklyn, N. Y.	5 shares.
George Roe	Augusta, N. J.	5 shares.
John P. Wierk	Brooklyn, N. Y.	5 shares.
Thomas O. Smith	New York city	4 shares.

Articles "Second" and "Sixth" of the charter of "The Consolidated" are as follows:

"Second. That the places in this State where the business of such company is to be conducted are Jersey City and such places in the counties of Sussex, Morris, Essex and counties adjacent thereto, as the business of the company may warrant. The principal part of the business of said corporation within this State is to be transacted at Jersey City, and the places out of this State where the same is to be conducted and where the corporation proposes to carry on operations are the cities of New York and Brooklyn, and such other places in the State of New York and other States of the United States or foreign countries as may from time to time be advisable. And that the objects for which this corporation is formed are: To foster and promote trade and commerce in dairy products; to deal in milk and dairy products whenever it can be done advantageously; to act as a commission merchant for the sale of milk and other dairy products, and also as agent for farmers, producers and shippers for the sale of their dairy products at any time and from time to time whenever such business can be done; to collect and diffuse accurate and reliable information among its stockholders and members as to the standing of merchants, producers, dealers, consumers and others engaged in any way in purchasing or selling milk, cream or other dairy products or as to any and all other matters of importance or interest to its members and the trade; to collect and preserve for the benefit of its stockholders, members and others, statistics and other information in regard to any matters connected with or relating to the trade in milk and dairy products, to promote uniformity and certainty in the customs and usages of the trade and a more enlarged and friendly intercourse between producers, merchants and business men engaged or in any way interested in dairy products."

"Sixth. Annual payments or dues may be required of each member of the corporation at such times and to such amounts as the By-laws may from time to time provide, and no certificate of the capital stock and no shares of the capital stock of this corporation shall be transferable or be transferred so long as the holder or holders thereof shall be in default in the payment of any annual dues or otherwise indebted to the corporation. No person to whom stock shall be transferred shall be entitled to vote at any meeting or to any of the rights and privileges or a member of the corporation until he has been duly elected a member thereof by the Board of Directors, or in such manner as the By-laws may provide.

"Certificates of stock shall be issued only for par, and only upon the receipt by the treasurer of the full amount of their par value thereof in cash or property purchased as provided by law, and no subscriber to the capital stock or stockholder or member of the corporation shall be entitled to vote at any election or meeting of the corporation upon any shares upon which any installment or assessment called for by the Board is and has been unpaid for thirty days preceding such election or meeting. No member or stockholder who is in default in the payment of any annual dues as provided for in the By-laws, shall be entitled to vote at any election or meeting of the corporation.

"Upon each subscription to the capital stock, at least ten per cent. of the par value thereof shall be paid in cash by the subscriber at the time of making the same; the remainder shall be paid at such time or times and in such installments as shall be fixed by the Board of Directors within the limits prescribed by law. If default shall be made by any member or subscriber to the capital stock, in the payment of any installment or assessment upon any share or shares of stock when called for by the Board of Directors, the Board of Directors, in addition to the remedies provided for such case by the laws, may at its option take proceedings in the name of the corporation by action at law against any subscriber or person so in default, to recover the amount of any installment or assessment remaining unpaid after the expiration of thirty days from the date fixed for such payment, or may declare the stock and all previous payments thereon forfeited after the expiration of sixty days from the service on the defaulting stockholder personally, or by mail directed to him at his post-office address as given by him at the time of making his subscription to the capital stock, of a written notice requiring him to make payment within thirty days from the service of such notice, at the office of the company, or at a place or to a person named in said notice, and stating that in case of failure to do so, his stock and all previous payments thereon will be forfeited for the use of the corporation."

The list of the members of "The Consolidated" on January 14, 1909, is as follows:

NAME.	Address.	Shares.
C. H. C. Beakes.....	206 East 12th st., New York.....	61
I. C. Jordon.....	Middletown, N. Y.....	59
Edward B. Sanford....	Warwick, N. Y.....	50
Wm. A. Wright.....	69 Leffert's place, Brooklyn.....	30
Joseph V. Jordan.. ..	Newburgh, N. Y	30

NAME.	Address.	Shares.
Sandford Dairy Co	138 West 31st st., New York	26
John P. Wierck	502 Broadway, Brooklyn	25
Walter R. Comfort	32–34 New Chambers st., N. Y	25
Thomas O. Smith	872 Sixth ave., New York	24
Joseph Laemmle	202 Bleecker st., New York	23
George Ihnken	194 19th st., Brooklyn	20
Fred E. Seiler	272 Plane st., Newark, N. J	16
Alexander Campbell	802 Fulton st., Brooklyn	15
Wm. A. Lawrence	Chester, N. Y	15
Chas. E. Seiler	272 Plane st., Newark, N. J	14
I. Windsor Farist	Bridgeport, Conn	12½
John A. McBride	Sussex, N. J	12
H. F. Hunteman	611–613 East 12th st., New York	12
W. B. Conklin	146 West 25th st., New York	10
Dennis Reardon	59 Montgomery st., Jersey City	10
W. H. Bennett	Goshen, N. Y	10
E. D. Pierson	Little Britain, N. Y	10
H. M. Schloss	1759 Richmond terrace, West New Brighton, S. I	10
James A. Howell	144–154 Provost st., Jersey City	10
W. A. Wells	Goshen, N. Y	7½
F. H. Herkstroter	83 Cumberland st., Brooklyn	7½
James C. Rider	Central Valley, N. Y	6
R. B. Baker	591 Second ave., New York	6
Daniel Bailey	Glenwood, N. J	5
Richard Bull	Campbell Hall, N. Y	5
W. H. Bennett	20–22 Bridge st., Newark, N. J	5
David Bleier	520 East 72d st., New York	5
H. S. Chardavoyne	406 Court st., New York	5
Alfred Ely, attorney	31 Nassau st., New York	5
Thomas B. Harbison	2015 Dreer st., Phila., Pa	5
Kate Shea	855 West End ave., New York	5
C. Ebenezer Johnson	Goshen, N. Y	5
Christ Jetter	78 Perry st., New York	5
Monroe Dairy Co	802 Fulton st., Brooklyn	5
D. D. Munson	Franklin, N. J	5
N. H. Margarum	Stockholm, N. J	5
Wm. E. Rogers	Carlton ave. & Pacific st., Bklyn	5
Wm. E. Rogers & Co	Carlton ave. & Pacific st., Bklyn	5
Henry Rauch	21–27 Garden st., Brooklyn	5
John Jetter	439 Hudson st., New York	5

NAME.	Address.	Shares.
Webb Harrison	Middletown, N. Y	5
W. H. Strong	Goshen, N. Y	5
Geo. Slaughter	Third ave. and Bergen st., Bklyn	5
John H. Stellmann	123 Franklin ave., Brooklyn	5
R. H. Taylor	202 Fifth ave., Brooklyn	5
Christ Vagts	405a McDonough st., Brooklyn	5
W. Weber	139 West 96th st., New York	5
Henry Youngs	Goshen, N. Y	5
F. B. Sanford, attorney	141 Broadway, New York	5
Stephen I. Webb	Campbell Hall, N. Y	5
Reid Ice Cream Co.	858 Fulton st., Brooklyn, N. Y.	2½
Dairymen's Mfg. Co.	Warren Bay & Morgan sts., Jersey City	2
L. L. Campbell & Bro.	534–536 West 48th st., New York	2
Standard Butter Co.	Oswego, N. Y	1½
Frederick H. Beach	Morristown, N. J	1
B. Howell	Goshen, N. Y	1
Herman Kern	907 Avenue D, Bayonne, N. J	1
E. A. Decker	Sussex, N. J	½
M. L. Sanford	Warwick, N. Y	17½
Geo. E. Beakes	Middletown, N. Y	5
E. J. Preston	Amenia, N. Y	5
H. A. Robinson	44 Boerum pl., Brooklyn, N. Y	5
Newman Hall	Sussex, N. J	2
Samuel Levy	47 Forsyth st., Brooklyn, N. Y	2
The N. J. Zinc Co.	Franklin, N. J	2
Anton Koster	860 Tenth ave., New York	1
J. R. Stoll	Newton, N. J	1
C. A. Wilson	Sussex, N. J	1
James Roof	Newton, N. J	1
Peter M. Roof	Halsey, N. J	1
G. V. Armstrong	Papakating, N. J	1
A. Talman	Ogdensburg, N. J	1
R. V. Armstrong	Papakating, N. J	½
John Keogh	13 Catharine st., New York	½
Hovey, Clarke & Co.	Bainbridge, N. Y	½

The following gentlemen were incorporators of the "Exchange Limited" and incorporators or members of "The Consolidated:"

George Slaughter, Charles H. C. Beakes, Thomas O. Smith, W. A. Wright and Joseph Laemmle.

Alfred Ely was attorney for both corporations.

FARMERS.

NAME.	Quarts produced, one year.	Cost per quart to produce. Cents.
Harry Vail	44,000	3.4
Andrew J. Nicoll	80,000	3.00
William H. Strong	95,000	3.25
Henry Stephen	.....	.....
John Pettys	35,000	3.50
James C. Ryder	.....	.....
Isaac C. Blandy	.....	4.25
Almon R. Eastman	.....	4.00
William A. Mather	.....	.....
Oscar Hale	.....	3.00
George H. Greaves	58,400	3.00
Edward K. Parkinson	.....	4.79
	6,000 lbs.	5.28
	6,220 lbs.	4.79
	7,000 lbs.	4.53
	7,500 lbs.	4.22
	8,000 lbs.	3.96
	9,000 lbs.	3.50
Average	.....	4.38
Milton Sanford	.....	.....
Edward J. Brown	47,152	2.75
Delos Axtell	.....	3.50
Isaac Magoon	38,950	3.00
Henry Young	.....	4.00
Rufus Wikoff	63,763	3.20
Albert J. Moe	.....	.....
William A. Wells	.....	.....
William P. Richardson	.....	4.00
William C. Bennett	146,000	4.00
Benjamin F. Livingston	.....	3.50
Stuart S. Comfort	50,383	3.00
Benton Howell	.....	.....
Charles F. Multon	90,000	3.20
Will E. Kay	83,618	3.50
H. LaMott Locke	.....	3.25
Herbert E. Cooke	180,000	4.00
George M. Brown	.....	3.33
Charles Johnson	116,800	3.00
Frank Bauder	136,000	.....
Average price per quart	.....	3.513

STATEMENT OF MILK DELIVERED IN NEW YORK CITY DURING THE FARM YEARS (INCLUDING CREAM AND CONDENSED MILK) IN CANS OF FORTY QUARTS EACH.

Compiled from monthly reports by the railroad companies by Alfred Ely.

Farm year April 1 to March 31.	Total cans of 40 quarts.	Daily average cans of 40 quarts.	Average price per quart to farmers based upon Exchange values.
			Cents.
1895–1896	8,117,372	22,237	.0253
1896–1897	8,317,842	22,728	.0230
1897–1898	8,807,565	24,102	.0234
1898–1899	9,235,596	25,303	.0240
1899–1900	9,593,007	26,210	.0262
1900–1901	9,865,974	27,031	.0271
1901–1902	10,344,175	28,340	.0273
1902–1903	10,827,326	29,664	.0294
1903–1904	11,613,859	31,732	.0278
1904–1905	12,315,642	33,741	.0283
1905–1906	13,391,891	36,590	.0289
1906–1907	14,719,940	40,328	.0305
1907–1908	15,175,888	41,463	.0341
1908–1909	15,303,208	41,926	.0327
1909–1910			

DEALERS.

COST OF DELIVERY.

WILLIAM B. CONKLIN:

It costs us on an average for bottled milk at the present time four and one-quarter cents, that is in the country.

Freight	$0.0125
Bottling	.0075
Carting	.0025
Delivery by man to the consumer	.0125
Office help and extra riders	.0150
Total	$0.0925

This does not include wagon repair, extra bottles or rent. In June the lowest price at which we have been able to buy milk is two and one-half cents.

PRICES PAID TO THE PRODUCERS FOR MILK AT PRICE'S STATION, N. J.

1907.	Cents per quart.
April	3½
May	3 2¾
June	2½
July	2½–2¾
August	3–3¼
September	3½–3¾
Average for six months	.03

	per cwt.
October	$1.80
November	2.00
December	2.00
1308.	
January	2.00
February	2.00
March	1.80
Average for six months	$1.933
April	$1.60
May	1.30
June	1.10
July	1.25
August	1.35
September	1.50
Average for six months	$1.35
October	$1.70
November	1.90
December	1.90
1909.	
January	1.90
February	1.90
March	1.70
Average for six months	$1.833

	per cwt.
April	$1.50
May	1.25
June	1.05
July	1.20
August	1.35
September	1.45
Average for six months	$1.30
October	$1.90
November	2.00
December	2.05
1910.	
January	2.05
February	2.00
March	1.80
Average for six months	$1.966

PRICES PAID TO THE PRODUCERS FOR MILK AT MONTGOMERY, N. Y.

1907.	per cwt.
April	$1.20
May	1.00
June	.90
July	1.00
August	1.10
September	1.20
Average for six months	$1.0833
October	1.40
November	1.50
December	1.65
1908.	
January	1.65
February	1.45
March	1.30
Average for six months	$1.4916

	per cwt.
April	$1.35
May	1.10
June	1.00
July	1.10
August	1.30
September	1.35
Average for six months	$1.20
October	$1.50
November	1.75
December	1.70
1903.	
January	1.70
February	1.70
March	1.50
Average for six months	$1.6333
April	$1.25
May	1.05
June	.95
July	1.05
August	1.30
September	1.35
Average for six months	$1.1586
October	$1.75
November	1.85
December	1.90
Average for three months	$1.8333

PRICES PAID TO THE PRODUCERS FOR MILK AT ORANGE COUNTY, N. Y.

1907.	Cent per quart.	Cent per cwt.
April	3¼	$1.50
May	3–2¾	1.35
June	2½	1.10

	Cent per quart.	Cent per cwt.
July	2½–2¾	$1.25
August	3–3¼	1.35
September	3½–3¾	1.50
Average for six months	3	$1.343
October	4	$1.80
November	4	2.00
December	4	2.00
1908.		
January	4	2.00
February	3¾	2.00
March	3½	1.00
Average for six months	3.875	$1.953
April	3½–3	$1.60
May	2¾–2½	1.30
June	2½	1.10
July	2½	1.25
August	3	1.35
September	3–3¼	1.50
Average for six months	2.2771	$1.35
October	3¾	$1.70
November	3¾	1.90
December	4	1.90
1909.		
January	3¾–4	1.90
February	3¾–4	1.90
March	3½	1.70
Average for six months	3.812	$1.833
April	3⅛	$1.50
May	2⅝	1.25
June	2¼	1.05
July	2¾	1.20

	Cent per quart.	Cent per cwt.
August	$3\frac{1}{8}$	$1.35
September	$3\frac{1}{2}$	1.45
Average for six months	2.8958	$1.30
October	$3\frac{3}{4}$	$1.90
November	$4\frac{1}{8}$	2.00
December	$4\frac{1}{4}$	2.05
January	.....	2.05
February	.....	2.00
March	.....	1.80
Average for six months	4.041	$1.966

JOHN P. WIERK.

175 bottles, daily average delivery, per wagon.

Cost of milk (per quart)	$0.0424
Cry. expense	.0050
Cartage from Jersey City	.0025
Freight	.0080
City delivery	.0162
Pasteurizing and capping	.0045
	.0786
	.0040
	.0826

Wear and tear on horses, harness, wagons, insurance, rental, depreciation on machinery, clerical help, not included in the above figures, or interest on investment.

CHARLES H. C. BEAKES.

Prices Paid to Farmers.

	1907.		1908.		1909.	
	100 lbs.	Qt.	100 lbs.	Qt.	100 lbs.	Qt.
January	1.67	.0367	1.82	.03931	1.76	.041
February	1.53	.03277	1.74	.03647	1.73	.03748
March	1.41	.03035	1.60	.03426	1.54	.03652
April	1.39	.03033	1.37	.02871	1.33	.03095

	1907.		1908.		1909.	
	100 lbs.	Qt.	100 lbs.	Qt.	100 lbs.	Qt.
May	1.17	.02645	1.09	.02366	1.08	.02575
June	.99	.02248	.92	.01991	.90	.02144
July	1.10	.0242	1.05	.02241	1.09	.02697
August	1.28	.02906	1.22	.02741	1.25	.03143
September	1.42	.0317	1.34	.02900	1.43	.03557
October	1.72	.03890	1.60	.03678	1.70	.04148
November	1.82	.03931	1.72	.03848	1.84	.04301
December	1.82	.03931	1.77	.03970	1.91	.04547

The foregoing prices are the absolute net money paid to the farmer and do not include any other expenses, such as cans furnished to the farmer, can washing or any other expense whatsoever in the matter.

ALEXANDER CAMPBELL:

Including everything, and its distribution. In that case I say the cost is not less than four and three-eighths cents. And during the warm weather when much ice is required for the preservation of the milk, and to meet the requirements of the board of health, in regard to its temperature, the cost is fully five cents per quart; that was our experience.

Here is the expense of the several stages in dealing with a quart of milk under favorable circumstances from its first receipt to its final delivery:

	Cents.
Handling at the country creamery	.375
Freight to Jersey City	.75
Truckage to city creamery	.375
Bottling and pasteurization	.25
I don't think that quite enough for that item. Maybe a little too much on the others.	
Bottles and caps	.25
Ice during entire handling	.375
Delivery to trade	2.00
	4.375

DEALERS' HANDLING EXPENSES.

Compiled by C. H. C. Beakes.

Wholesale.

Creamery	12/40	.0030 per qt.
Freight	32/40	.0080 per qt.
Carting, railroad to office	10/40	.0025 per qt.
Delivery	20/40	.0050 per qt.
Total (exclusive office expenses)		.0185 per qt.

Retail.

Bottling and handling at creamery	30/40	.0075 per qt.
Freight	40/40	.0100 per qt.
Cartage	20/40	.0050 per qt.
Route delivery	2.10/40	.0225 per qt.
Total (exclusive office expense)		.0450 per qt.

PRICES PAID BY BORDEN'S CONDENSED MILK CO. TO FARMERS, 1908 AND 1909, AS COMPARED WITH EXCHANGE PRICES. (PRICES PAID BY EXCHANGE OBTAINED FROM "MILK REPORTER.")

1908.	EXCHANGE. Per qt.	Per cwt.	BORDEN'S price per cwt.	BORDEN'S plus or minus Exchange. Plus	Minus
January	.04000	1.860	2.00	+.140	.....
February	.03750	1.744	2.00	+.256	.....
March	.03500	1.628	1.80	+.172	.....
July	.02500	1.163	1.25	+.087	.....
August	.03000	1.395	1.35	.....	—.045
September	.03125	1.453	1.50	+.047	.....
October	.03750	1.744	1.70	.....	—.044
November	.03833	1.783	1.90	+.117	.....
December	.04000	1.860	1.90	+.040	.....
1909.					
January	.03910	1.819	1.90	+.081	.....
February	.03634	1.690	1.90	+.210	.....
March	.03500	1.628	1.70	+.072	.....

1909.	Exchange. per qt.	Exchange. per cwt.	Borden's price per cwt.	Borden's plus or minus Exchange. Plus.	Borden's plus or minus Exchange. Minus.
July	.02750	1.279	1.20	.....	—.079
August	.03129	1.455	1.35	.....	—.105
September	.03500	1.628	1.45	.....	—.178
October	.03750	1.744	1.90	+.156	.....
November	.04050	1.884	2.00	+.116	.....
December	.04250	1.997	2.05	+.073	.....

PRICE OF FLUID MILK IN BOTTLES REPORTED TO PREVAIL IN OTHER CITIES.

Exhibit V-E.

	Per quart.
Montreal, Canada. Half bottled in city; balance at dairies, three miles outside of the city; sold for	9 cents.
Scranton, Pa. Two dealers bottle in the country; one sells at	9 cents.
the other at	10 cents.
Philadelphia, Pa. About 10 per cent. of supply bottles at the farm, sells for	10 cents.
One dealer supplying West Philadelphia, bottling at Kennett (just outside of city limits) sells for	8 cents.
Baltimore, Md. All milk bottled in the city; sold at	9 and 10 cts.
Buffalo, N. Y. Only one dealer bottles at dairy; sells for	12 cents.
Albany, N. Y. One dealer bottles at dairy (claims milk is certified) and sells at	14 cents.
Boston, Mass. Milk bottled at farm sold by four dealers, at	11 to 20 cts.
Milk bottled at Agricultural State Farm sold at	16 cents.
Three of the largest dealers, bottling in Boston, sell at	9 cents.
Providence, R. I. Thirty-six bottle at the farm and sell at	7 and 8 cts.
Majority sell at	8 cents.
Lowell, Mass. Two dealers bottle at the farm; sell for	7 and 8 cts.
Manchester, N. H. Two dealers bottle at the farm; sell some for	8 cents.
But most is sold at	10 cents.

	Per quart.
LAWRENCE, MASS. Milk bottled at the farm; sells for	7 and 8 cts.
MEDFORD, MASS. Sixty-two milkmen in this town; sell for	8 and 9 cts.
PORTLAND, ME. Bottled in the city; sells for	8 cents.
HARTFORD, CT. Farmers bottle at farms near town; sell for	8 cents.
SPRINGFIELD, MASS. Bottled in the city; sells for	9 cents.
PORTLAND, ME. Bottled in the city; sells for	8 cents.
NORFOLK, VA. Milk bottled at dairies near city; not sold for less than	10 cents.
WASHINGTON, D. C. All milk bottled in the city; sells for	9 cents.
CHARLESTON, S. C. Uniform price, milk bottled in the city	10 cents.
WILKES-BARRE, PA. Milk bottled at the farm; sells for	10 cents.
ST. PAUL, MINN. Milk bottled in the city; sells for	7 cents.
MINNEAPOLIS, MINN. Milk bottled in the city; sold for	7 cents.
NEW ORLEANS, LA. All milk bottled in the city; sells for	10 and 12 cts.
PITTSBURG, PA. Some bottled in the country, most in the city; sells for	9 and 10 cts.
JACKSONVILLE, FLA. Bottled at dairies "in immediate neighborhood"	12 and 13 cts.
SYRACUSE, N. Y. All bottled in the city; sold for	7 cents.
SALT LAKE CITY, UTAH. "So-called sanitary product, in bottles" sells for	10 cents.
ATLANTA, GA. Practically all milk bottled in the city; sells for	10 cents.
OMAHA, NEB. All milk bottled at the farm; sells for	10 and 12½ cts.
QUEBEC CITY, CAN. Milk bottled in the city; sells for	10 cents.
TORONTO, CAN. Milk bottled in the city; sells for	10 cents.
SAN FRANCISCO, CAL. Milk bottled at the dairy under sanitary conditions	15 cents.
Milk bottled in the city sells for	10 cents.
SAN FRANCISCO SUBURBS. OAKLAND, ALAMEDA, BERKLEY. Milk bottled in the city; sells for	11 cents.
CLEVELAND, OHIO. All milk bottled in the city; sells for	8 cents.

	Per quart.
Birmingham, Ala. Milk is bottled at dairies just outside of the city limits, and brought in on wagons; sells for	10 cents.
Memphis, Tenn. Bottled at dairies adjacent to the city and brought in on wagons and delivered	10 cents.
Rochester, N. Y. Put up at the dairy, claimed certified	10 cents.
Los Angeles, Cal. Bottled at the dairy; sells for	10 cents.
St. Louis, Mo. Bottled in the city; sells for	7 and 8 cts.
Kansas City, Mo. Bottled in the city; sells for	10 cents.
Butte, Mont. Little sold in bottles; that which is is bottled near Butte and brought in; sells for	10 cents.
Missoula, Mont. Milk collected by wagons; some bottled in city; sold 12 quarts for $1.00, or, per quart	8⅓ cents.
Great Falls, Mont. Milk brought to city on wagons and usually delivered in bulk; bottles carried for special customers	8⅓ cents.

FROM TWELFTH CENSUS OF THE UNITED STATES AGRICULTURE — PART I.

NUMBER OF MILCH OR DAIRY COWS.

	1900.	1890.	1880.	1870.	1860.	1850.
The United States	17,139,674	16,511,950	12,443,120	8,935,332	8,585,735	6,385,094
The United States population.	76,303,387	62,622,250	50,155,783	38,558,371	31,443,321	23,191,876
Per cent. of milch cows of population	22.5	26.4	24.8	23.2	27.3	27.5
North Atlantic division	3,496,266	3,351,061	3,190,745	2,833,022	2,615,929	2,188,503
North Atlantic Div. pop	21,046,695	17,401,545	14,507,407	12,298,730	10,594,268	8,626,851
Per cent. of milch cows of population	16.6	19.3	22.0	23.0	24.7	25.4
State of New York	1,501,608	1,440,230	1,437,855	1,350,661	1,123,634	931,324
State of New York population.	7,268,894	5,997,853	5,082,871	4,382,759	3,880,735	3,097,394
Per cent. of milch cows of population	20.7	24.0	28.3	30.8	28.9	30.1

NORTH ATLANTIC DIVISION.

Maine.	Massachusetts.	New York.
New Hampshire.	Rhode Island.	New Jersey.
Vermont.	Connecticut.	Pennsylvania.

FROM TWELFTH CENSUS OF THE UNITED STATES — PART I.

STATE OF NEW YORK.	1880.	1890.	1900.
Total population.....	5,082,871	6,003,174	7,268,894
Urban population. Living in places of 4,000 or over....	2,726,367	3,805,477	5,176,414
Rural population.....	2,356,504	2,197,697	2,092,480
Number of urban places.....	58	84	83
Per cent. of urban of total population.....	53.6	63.4	71.2

UNITED STATES CENSUS BULLETIN ON POPULATION — No. 4.

In 1880 43.6 per cent. of population in New York lived in country districts.

In 1890 34.8 per cent. of population in New York lived in country districts.

In 1900 21.7 per cent. of population in New York lived in country districts.

EXHIBIT 5-D.

TYPICAL CONTRACT BY BORDEN'S CONDENSED MILK COMPANY.

This agreement, made this ..... day of September 15, 1909, between BORDEN'S CONDENSED MILK COMPANY, party of the first part, hereinafter known as the company, and each of the undersigned, parties of the second part, hereinafter known as the dairyman,

Witnesseth, That the parties hereto, for and in consideration of the sum of one dollar, each to the other in hand paid, receipt of which is hereby acknowledged, each agree individually, and not for others, to perform the agreements herein set forth, and specified.

The dairyman agrees to sell and deliver daily to the company, at its plant at Whitneys Point, at the hour it names, the amount

of milk produced by his or her dairy, as specified below, the milking of the morning of delivery and evening preceding, such milk to be whole, sweet and unadulterated and uncontaminated;

That the cow stables will be amply lighted with windows and well ventilated; to keep them clean, removing daily therefrom all manure or foul material; to use no horse manure or foul material for bedding; to keep no hogs, sheep or fowls housed in said stables; to keep the cows clean;

To thoroughly wash and rinse all milk utensils used in the dairy immediately after use morning and evenings; to rinse the milk cans and covers with clean water before putting milk therein; to put no milk in unclean cans; to keep the outside of cans and covers clean and bright, and when not in use to keep the cans upside down, with covers off, on a rack elevated at least three feet;

To provide a milk house within clean surroundings, lighted and ventilated, of suitable capacity and not connected with any stable or kitchen; to be painted or whitewashed inside, to be used for the safe keeping of milk and for no other purpose, unless for storing milk utensils;

To have the milking done with dry hands, in the most cleanly manner; immediately after milking to remove the milk, including strippings, to the milkhouse, strain it through a 100-mesh wire cloth strainer, and to cool the milk to 58 degrees within forty-five minutes from the time it is drawn from the cow, by placing the cans of milk in a vat of water and frequently stirring the milk, or by the use of approved aerators; to keep the cans of milk in the vat of water until the time for delivery; to prevent the milk from freezing or rising in temperature, to exceed 58 degrees between forty-five minutes after drawn from the cows and when delivered at the company's plant, to which place it shall be transported on a spring wagon, covered with a clean canvas; to not mix evening's and morning's milk, except the remnants of each milking; to not deliver the milk from a cow that has calved within ten days or from a cow which will calve within sixty days, or from any cow in an unhealthy condition;

To whitewash the cow stables, sides, ceilings and stalls, thoroughly throughout, within thirty days after signing this contract;

To not feed the cows, ensilage, wet brewery or distillery grains or any feed which will impart a disagreeable flavor or odor to the milk;

To immediately notify the company in case of any sickness or disease among the cows of the herd;

To immediately notify the company if any member of his or her household, or any member of any family occupying the premises on which the milk is produced, has any infectious or contagious disease, or any person who may be assisting in the work of the dairy who comes in contact with any infectious or contagious disease.

When such notification is given and the company shall deem it necessary to discontinue to receive the milk of said dairy, the company will remunerate the dairyman for such loss incurred on the milk during the period of sickness, or until the danger of contagion has been removed.

It is mutually agreed that the representatives of the company shall at reasonable hours have access to and the right to examine the cows, cow stables, milkhouse feed, dairy utensils and place for keeping same; and that if any cow is found to be suffering with any disease which, in the judgment of the company's representative, would tend to produce unwholesome milk, such cow shall be removed from the herd, either temporarily or permanently, as may be necessary to insure wholesome milk; but there shall be no needless sacrifice in any herd, and sufficient evidence of the existence of disease shall be produced to warrant the removal of any cow;

That should the dairyman be unable to make deliveries of milk to the company, because of the action of legal authorities, he or she will give notice to the company and shall be under no obligation to deliver milk to the company; if, because of conditions caused by the elements, floods, or fire, accident, action of legal authorities, interruption of railroad transportation facilities, strikes, or inability to secure necessary supplies, the company be prevented or hindered from operating its plant, manufacturing or preparing the milk for shipment, or shipping or marketing its products, the company shall give notice of the fact and shall thereafter be under no obligation to receive milk from the dairyman but at the end of such period or periods and when normal conditions are restored, the parties to this agreement shall, and are hereby bound to, continue the performance of this agreement;

That failure to comply with the requirements of this agreement by the dairyman shall be sufficient warrant for the company to refuse to receive milk from the dairyman until such time as the conditions of this agreement are complied with, and in such event the company shall in no way be held liable for any losses sustained; that the company has the right to cancel this contract in case it has satisfactory evidence that adulterated, skimmed or con-

taminated milk is being delivered or offered for delivery by the dairyman.

The company agrees to buy from the dairyman the number of pounds of milk assigned individually, if produced and handled as specified herein; to wash and clean at its plant the inside of all cans in which milk is delivered; to pay on the fifteenth day of the month following month of delivery the following price for milk accepted:

Daily average to be delivered, 250 pounds at $1.80 per 100 pounds for the month of October, 1909.

Daily average to be delivered, 200 pounds at $1.95 per 100 pounds for the month of December, 1909.

Daily average to be delivered 250 pounds at $1.90 per 100 pounds for the month of November, 1909.

Daily average to be delivered, 200 pounds at $1.95 per 100 pounds for the month of January, 1910.

Daily average to be delivered, 200 pounds at $1.90 per 100 pounds for the month of February, 1910.

Daily average to be delivered, 250 pounds at $1.70 per 100 pounds for the month of March, 1910.

In witness whereof, the parties have hereunto interchangeably set their hands the day and year first above written.

BORDEN'S CONDENSED MILK CO.

TESTIMONY OF MARVYN SCUDDER, ACCOUNTANT FOR STATE.

SUMMARY.

BORDEN'S CONDENSED MILK COMPANY:

Net profits on fluid milk and cream, after all deductions, New York and Chicago, year ending June 30, 1909, $793,622.05 (p. 1140); year ending June 30, 1908, $514,783.35 (p. 1140).

Total net profits year ending September 30, 1909, $2,617,029.40 (p. 1141).

Capital stock, $25,000,000. (Of this amount, $15,428,408.46 trade-mark, patents and good will) (p. 1142).

Net profits, after all deductions, on fluid milk and cream (New York alone) year ending June 30, 1909, $682,367.16; year ending June 30, 1908, $512,243.89 (pp. 1142 and 1143).

Net profits, after all deductions, on fluid milk, New York alone, year ending June 30, 1909, $496,976.36; year ending June 30, 1908, $326,579.99 (pp. 1143 and 1144).

Net profits, after all deductions, on fluid milk and cream, New York and Chicago, nine months ending September 30, 1909, $1,076,772.15 (p. 1144); nine months ending September 30, 1908, $753,824.50.

Net profits, after all deductions, on fluid milk alone, New York and Chicago, nine months ending September 30, 1909, $779,407.92 (p. 1145); nine months ending September 30, 1908, $439,054.80.

Sheffield Farms, Slawson & Decker Company:

Capital stock (June 30, 1909), $500,000 (p. 1147); (Subsequently issued) $91,400 (p. 1147); total $591,400 (of this amount, $302,436.51 issued for good will).

Net earnings, after all deductions, fiscal year ending February 28, 1909, $221,694.63 (p. 1149).

Net earnings, after all deductions, nine months ending October 31, 1909, $257,923.42 (p. 1149).

Dividends (1909) (p. 1150):

February, $5,000 (1%); March, $5,000 (1%); April, May June and July, $10,000 each (2%); August, $54,650 (11%); September, $11,859.93 (approximately 2% on additional stock).

Dividends (1908) (p. 1151):

March, $5,000 (1%); April, May and June, $10,000 each (2%); July, August, September, October, November, December, January and February, $5,000 each (2%).

Dividends (Borden's Condensed Milk Co.) (p. 1155); 1909 and 1908, $1,400,000 (8%) common; $450,000 (6%) preferred; 1907 and 1906, 10% common; 6% preferred.

Mortgage debt — (October 31, 1909) of Sheffield Farms, Slawson & Decker Co., $352,400 (real estate mortgages, p. 1158).

Surplus — (October 31, 1909) Sheffield Farms, Slawson & Decker Co., $962,672.02 (p. 1159).

Surplus — (June 30, .1909) Borden's Condensed Milk Co., $8,824,230.58 (p. 1159).

ALEXANDER CAMPBELL MILK COMPANY:

Net profits, six months ending June 30, 1909, $49,880.04 (p. 1160); year ending December 31, 1908, $44,006.56 (p. 1160).

Dividends, June 30, 1908, $11,315; December 31, 1908, $11,352.50; June 30, 1909, $11,434.50 (p. 1160).

Capital stock, $387,000, or thereabouts (p. 1161).

Amount added to surplus of Campbell Co., during year ending December 31, 1908, $21,339.06 (p. 1163); for six months ending June 30, 1909, $38,445.54 (p. 1163).

Amount charged off for depreciation (Sheffield Farms, Slawson & Decker Co.) year ending February 28, 1909, $26,990.82 (p. 1165); for eight months ending October 31, 1909, nothing charged off on books of company for depreciation; $48,000 allowed for depreciation before arriving at net profit of $257,923.42 (p. 1164).

DELOS AXTELL:

I reside at Deposit, Delaware county, about 176 miles from New York. I have been a farmer all my life and I have been supervisor of a farm since 1906. It cost me a little over 3c. a quart to produce milk during the years 1905–6–7–8. I think the cost of production was a trifle more in 1908 than the previous years. I think the cost of production in 1909 has advanced somewhat over that of 1908. I don't believe that a man could produce milk in either the years 1908 and 1909 at less than 3½c. a quart. I should say that a fair profit might be obtained from milk, say for five months of the year for 3c. and 5c. for the remaining seven months, and I am basing my opinion on the conditions that exist in my locality. If I was unwilling to accept the price which Borden offered for my milk, I could send it to the butter factory. I could take my milk there and pay 3c. a pound for having the butter made up and take my chances on the market, or I could sell to a farm there that buys milk at Exchange prices as a rule, but this year this farm is giving a choice of either the Borden prices or the Exchange prices. There has not been much difference in recent years between the Borden and the Exchange price; that is, averaged for the whole year. I have been in the Borden creameries in my vicinity and have seen separators in operation therein. I have seen the milk running in from the vat and have

seen the cream after it is separated from the milk go into the receptacle that it would naturally spout into. I have never seen them reunite it. In recent years Bordens have cleansed their milk by putting it into the separator. I have understood from friends of mine that are in the business that a separator can be set so that they can take off enough cream to leave a 3 per cent. butter fat milk. Bordens manufacture different grades of cream; they have a separator adjusted so that it will separate it and grade it. I have heard that there is in existence a Consolidated Milk Exchange which fixes the price to consumers. Borden's factory has been in my vicinity from eighteen to twenty years. Consequently their price has largely controlled us. Prior to 1908, the Borden price was on the average better than the Exchange price. They have been pretty nearly together for the last two years, and as I have stated before, you can take your pick. The Mutual Cream and Milk Company, in my vicinity, buy milk at Exchange prices. I do not know of anything that would lead me to believe that there exists any combination among the dealers of New York city to fix or control the price paid by them to the producer. I don't think the raise in price in New York from 8c. to 9c. benefited the producers in our section any, because I think the price had been established. There is not a flush of milk in my section at the present time. I can see how a flush of milk among the dealers in New York city might be brought about, that is, by the raise in price of 1c. a quart, and the 26c. freight zone. My opinion is, in my section, milk can be produced cheaper in summer than in winter. If the Mutual Company were buying milk at exactly the same price as Borden or giving the producer his choice between Borden and the Exchange price, there could not be much competition. It would sort of convince a man that the Exchange price and Borden's prices weren't liable to vary much. The question of establishing co-operative creameries is being agitated among the farmers more than it ever was before, as a protection. They go so far as to advocate the building of these creameries if they are never used, and have them in readiness in case that the Borden prices do not suit them, that they can manufacture their own milk; and I know of some instances where people have taken stock in creameries

like that just for that purpose and no other. They are sending their milk to other places; done it as a protection, and it is being advocated to quite an extent in our section of the country. But I think the farmers ought to organize just the same as other fellows do; that is my opinion, but it is a pretty hard proposition.

OSMAN L. BARBER:

I reside at Canton, St. Lawrence county, New York, and am a dairyman farmer, and have been the same practically all my life. I produced 76,931 pounds of milk last year, that is, about 38,000 quarts. I should say that the total cost of producing that milk in 1909 was, grain $395, and silage, hay and grain fodders and pasturage, $390. Labor I shouldn't put below $500. This is not counting in my own labor. The dairy averaged about six and a fourth cows for the year, that is, I sold a few cows in March and estimated by the month it gave me seventy-five months for one cow or six and a quarter for the year. I sell my milk to the McDermott Company of New York city. I think it has cost me about 3½c. to 3¾c., exclusive of the use of the farm.

Q. Interest on the investment? A. Yes, that is included in my labor at $500.

Q. Do you sell to McDermott at the Exchange price or at Borden's? A. Well, neither. They put out a price for six months in advance.

I haven't compared it with the Exchange price but I think it is slightly under Borden's as a rule. I signed a contract in which a certain amount is specified for each month during the six months. I am not acquainted with the Exchange price of milk, per month, but I sometimes happen to read them. There are other stations on the road, the R., W. & O. division, operated by the Mutual Milk and Cream Company and the Phœnix Cheese Company. They are in the next town beyond there, Potsdam. I have no personal knowledge that there is a combination of dealers and it exists to fix a price that they will pay to the producer for milk. I should judge from reading the reports that a combination existed in New York city to raise the price of milk from 8c. to 9c. a quart on November 1, 1909. I believe that the co-operative creamery and cheese factory is a benefit to the farmer. If it were not for the factory we would be dependent upon the

New York market entirely. The average price McDermott paid to me during the year 1909 was $1.51 per hundred pounds, that is, a little bit higher than the price paid for mine because mine was mostly winter milk; that would be about 3c. a quart.

FRANK W. BAUDER:

I reside at Fort Plains, Montgomery county. About 201 miles from New York. I own and operate a farm about three miles south of Fort Plain. The farm is operated exclusively as a dairy farm and I keep about forty-five cows, about thirty to thirty-five milking cows. I produced about 8,500 pounds per cow. During the year 1909 the cost entering into this production would be the feed, plant and wear and tear of all things connected with it and the farm, the help, etc. I do not know what it cost to produce a quart of milk. I think a farmer should have 10 per cent. profit. I sold my milk to Fort Plain and Otsequage Valley Creamery Company. They manufacture milk into cream and sell it in New York, Albany and Schenectady. Borden's Condensed Milk Company also own Fort Plain Dairy Kitchen. I obtain the price based a little bit upon Borden's price, running from five to ten cents per month per hundred under Borden's, because the restrictions were not at the creamery what they were at Borden's. My opinion is that a combination does exist among the dealers in New York city. I am interested in the milk business so it might make a difference with your questions. I am one of the principal owners of this Fort Plain and Otsequage Valley Creamery Company, and I know lots of people in New York, and some of the people I am also associated with, some of them perhaps belong to this Milk Exchange, but I am not directly or indirectly connected with the Exchange in any way, shape or manner, have nothing to do with it. For my acquaintanceship with the members of the Exchange, it is my opinion that there is a combination, yes, I know there is. My opinion is that the members of the Exchange are bound together, that they practically fix a price on the milk shipped to New York city that the producer must accept or else not be able to market his milk. I do not know of any combination to raise the price made in November, 1909, to nine cents. I have several sepa-

rators but we never separate the cream and then add it to the milk to bring it up to the 3 per cent. butter fat. We can set our separator so as to run a 20 per cent. cream or a 40 per cent. cream. It would be rather difficult to set a separator so as to run a 30 per cent. butter fat milk, but the only way we could do that is to run it and add the cream back to it and make it just that. I would say that it is practically impossible to set the separator to do it, and the only way you could do it would be to separate it entirely and then add sufficient cream to make it 3 per cent. butter fat milk. Borden's factory ship both milk and condensed milk. They have two plants here, and they bought one a few years ago of the Orange County Milk Association. They had separators same style as mine.

CONDITIONS IN THE COUNTRY, COST OF PRODUCING MILK AND THE FAIR VALUE OF THE SAME, ETC.

ISAAC C. BLANDY:

I reside in Greenwich, Washington county, New York, and have been running a farm of 240 acres for four years. I have thirty-six milking cows, sixteen or seventeen head of young stock, and six or seven horses. I do not recall the number of quarts of milk I produced in 1909, but I keep a record of the daily amount of milk produced. I cannot say how much it costs per quart to produce milk on account of it varying so much from month to month, but I should think that it costs about 4¼c. per quart to produce milk throughout the year. I run my farm entirely as a dairy and make money only from dairy products, such as milk, butter and some cattle. I run the farm by employed help and thus it cost me a little more than those that do the work themselves. I have gotten on an average from my milk during the year 6c. delivered. I deliver milk in the village and sell it retail and it costs me about 2c. and 2¼c. a quart to deliver it, because I can only deliver 200 quarts per day, and on this basis I am selling it a little under cost to produce. I am selling butter in the village at 37c. or 38c. a pound. There is very little profit on it. I am continuing the business at a loss because I am interested in the community, and I believe that

eventually I will get a return on my money. The uncertainties of cost of production of milk is illustrated by the difference in value of heifer and bull calves. When I have heifer calves I get $75 for yearlings and the bull calves I sell for $2 apiece. Besides, some men do their own work and have children to help them, only paying the hired man. In the East a bright man can make more money at other business. My main business is in the paper business; farming is somewhat of a side issue with me. I am interested in the railroad in my community, and at the suggestion of Mr. Whiting, who was trying to build up a freight for the road through a milk route, I assisted. Boston furnishes a market for milk in my community and Messrs. H. I. Hoyt and Whiting appear to control the Boston trade. If the middlemen and the cattlemen could agree there might be some economy, as the wagons might be filled and thus deliver more than 200 bottles per wagon. I do not know who makes the price; Borden's may know the most about it and the others follow. Some people say that they are all in one combination. The separator cannot be used to draw off the excess of butter fat. I have never heard of it being done in our community. My suggestions to better conditions in New York are, that the city should establish places or receiving stations scattered throughout the city and the farmers ship there to middlemen, such open markets as Denmark has where butter and everything is displayed. This leaves the business open and subject to inspection and furnishes facilities to render the expenses from producer to the consumer. There should be some kind of regulation by the State. If the farmer could get more he would be in a position to produce a better quality of milk and still make a living. It may be possible that the trouble is that the middleman controls either the railroads or the receiving stations or docks in New York. Some facilities for shipping direct to New York should be provided. I would have stations at both ends of the country and in the city, with stations in the country controlled by the farmers. The farmers should have a station in the country so that they can ship their milk for manufacturing and thus be independent and there should be free competition among the dealers in New York.

Q. And you would have no exchange establishing prices? A. Well, you can't do that, I don't believe.

The middlemen have facilities for manufacturing and they also have facilities for doing the same in the country. When there is a big flow of milk the situation has to be controlled in some way.

Q. Then you think an exchange properly organized down there would be a good thing? A. I don't doubt but what it would.

It is very expensive to handle articles in New York and it might be a detriment to the farmer to trade and handle them himself. I am somewhat acquainted with the middlemen and they have many things to contend with. Same conditions exist in every line of business in New York. It is a "tally that you have to pay." It is so on entering any country or place. I think there is something to be said for the other side. There is an expense of handling milk when you have a surplus. In the establishment of an open market, I have considered the fact that milk is a very perishable article and not so advantageously sold in the open market as most other commodities. Now, when the milk is in the open market and you have a surplus, you could put it in butter in New York as well as in any other place, or put it into cream or hold it back. That is the reason I say the New York end and the farm end has got to be in close touch so they need not ship too much milk into New York and put it into butter at the other end and put it into the cream, and they can hold cream and they can hold milk for a long time. The dealers should receive the milk just as they would their own to-day, but the cleanliness should be looked to by the city government. The situation would be helped in that it would give small buyers an opportunity to receive milk there. It would not be handled to such a large extent by these other large dealers. Now, if you wanted to ship a hotel in New York city, it is very expensive to do it. When shipping in little bottles like that (indicating) like the Waldorf, they were paying as high as 5c. per quart for cream, but if you have a market by the city like the city market for other things — the details I haven't worked out in my head — but that idea is that you could sell somebody there at a price, and the man controlling it at the other end, which I believe enters

into the control of the price of milk, shut it off at the other end so you wouldn't have nearly the surplus in New York to take care of. If the farmer had some share in the making of the price in the Consolidated Milk Exchange, that is, if the milk was offered to people that wanted it, they would buy up so that they would have a price established, I think that would be a case where the farmers in flush season would ship a whole lot more than is necessary, which should be kept back and put in the form of butter or some other product. I do not think the farmer could practically have a say in the making of the price by Exchange, because there would be people in the city who could save this milk and keep it for days there properly, and if the price went up they would serve it, and if it went down they would buy. I believe it is absolutely necessary to control the amount of milk going into New York city, and to have the price fair to the farmer. The farmers are getting more conversant with conditions and they will get their rights. The middleman is being crowded. He has his use, but it will be harder for him to do business in the future than it has been in the past. As soon as the farmer increases his knowledge of conditions, then he will be able to control his milk supply to better advantage. It lies with the farmer and it lies with the State to make transactions as open as possible and that there is no trickery about it. Look at the schemes that you hear of that the board of health have in New York city for the purpose of cleanliness. If those schemes were lived up to, New York would not get any milk at all. There is plenty of cattle that are killed that have no tuberculosis. In the testing of a cow — I am only taking this from people that I know who know something about it — they can start the herd of cattle and get them excited, they will show these tests. If the cattle are quiet, they show no tuberculosis. Those are the things and many more that make it so expensive to-day for the farmer to produce milk, and they should have a great deal more under these conditions. New York city will have to pay for milk if she wants it. It is putting people out of business. I know of nothing that has developed in the year 1909 that was not present in the year 1908 or 1907 that would cause the large milk companies to raise the price of milk. Our

milk goes to Boston and I am more interested in the price paid at Greenwich than in New York. I know it is costing a farmer a great deal more in the last two years.

GEORGE M. BROWN:

I reside at Hinsdale, Cattaraugus county, about 400 miles from New York city and have, what might be termed, a dairy farm. I have been a farmer all my life. I have no figures as to exact cost of production of a quart of milk during the year 1909, but it is my opinion that it would cost from 3¼c. to 3½c. to produce a quart of milk during 1909. I consider the following items entering into the cost to produce: Feed, labor and plant, the farm, interest on the money, etc., invested. I think the producer ought to have 4c. per quart in order to realize a fair profit. I sell my milk to the Howell Jersey City Milk and Cream Company, and the balance of it goes to the cheese factory in the height of the season. I suppose I sell my milk at Exchange prices, that is what I understand, but don't have a contract with the Howell Company. They usually post their price in a conspicuous place on their building. I think it is the general understanding that the farmers in my vicinity get Exchange price. I take the "American Agriculturist" and this paper has a column headed "Exchange Price for Milk." There are no creameries in my immediate vicinity. I think the Howell Company ship from the station from twenty-five to thirty cans per day. There is practically a uniform price and this uniform price paid by the dealers to the farmers makes me think that a combination exists among the dealers in New York city to fix or control the price paid by them for milk to the producer. I have talked with Borden's patrons about the prices and they are very nearly the same. I do not know of any agreement to raise the price from 8c. to 9c. on or about November 1, 1909, to the consumers. I do not know whether a combination would be detrimental or beneficial to the producers. It might secure prices, make the prices more certain, the pay more certain. It is better to deal with a combination of dealers than with them individually. They are more responsible. But the fact is that they are not combined together; they are composed of individual dealers that only act in concert on the price. When the dealers get together to fix a price to the producer, which

he has no voice in fixing, it would destroy competition of course, and it would be a detriment in that way. I should say that they would try to get the lowest price possible. I don't think they have any separator in Borden's plant, but know they have none in Howell's. We have a cheese and butter factory in our vicinity and I regard it as very important for competition. There is not very much variation between Borden's and Exchange prices. I think Borden is a little ahead.

EDWARD J. BROWN:

I reside near Angola, twenty miles from Buffalo. I have been a farmer all my life and produce milk. My farm is exclusively a dairy farm. Have about twenty-three cows. Our milk is sent to the city of Buffalo. From May 1, 1908, to May 1, 1909, we produced 11,788 gallons. Estimated cost was, gluten $568.40; forty tons of hay at $9 a ton, $360; corn, $91; twenty-two tons of silage, $38.40. Then we have to buy the tickets and they return to us. They returned us $176.82. We have to buy the tickets and put them on to the stand, the shipping tickets, 1½c. a gallon. We received 13c. for the milk, and 14½c with the tickets, delivered in Buffalo. We get 13c. in the country, or 14½c. in the city, a gallon, that is, when we deliver a gallon of milk to the creamery they give us 13c. and a ticket, which represents 1½c. a gallon, and when the milk reaches the city we cash those tickets, and they send us a check for 13c., plus the tickets. The cost of production as near as I could get was $1,264.62. We did not include the cost of help. I and my brother own the farm and do all of our own work. The cost of labor on that farm would cost about $90 a month. The total cost would be $1,264.62, plus $1,080 for labor. I have not figured in capital invested or depreciation. My farm would rent for about $350 a year. You look at this a little different than we would in figuring the cost, but from your figures that would make the total cost of production $2,694.62. We receive for all the milk we produce $1,709.06. From my way of figuring the cost of production is no more than what I receive for the milk. I actually receive over and above what it costs me for the milk, $444.44. The cost to produce was about 2¾c. a quart for the whole year. I think we should have a profit of 2c. a quart above all expenses. I think the profit ought to be ½c. to

¾c. I sell my milk to C. W. Huppuch. He is a dealer in the city of Buffalo. The Western New York Milk Producers' Association meets every year and figures to see what we could make it for and set the price as near as we think ought to be right. In our part of the State the producers fix the price to the dealer. We do not fix any established price. We fix a price as near as we think we ought to get or as near as we can get and then everybody sells for what they have a mind to. I am a member of that producers' association. We fix the price, not by the month, but the year round. It is about the same. Sometimes we get 12½ for six months and 13½ for the other six months. Generally speaking, we get a uniform price. In Buffalo we also have, what you might say, a combination among the dealers and we are on the fight all the while.

STEWART S. COMFORT:

I reside near Waverly, Tioga county, New York. With the exception of four years, I have been a farmer all my life. My farm is 265 miles from New York city, operated exclusively as a dairy farm. I keep about twenty cows, milking on an average about eighteen, throughout the year. During the year 1909, I produced 50,382 quarts of milk. The total cost of production was $1,576.47. The items entering into the cost of production were grain, silage, hay and hauling. The seventeen tons of grain cost $510, ninety tons of silage, $450. Thirty-three tons of hay, $450. Hauling milk at 8½c. a can cost $121.47. In that cost I have not included labor, charge for cattle during the summer, depreciation, repairs to buildings and interest on investment of capital and in cows and also the farm buildings and the farm. It cost on an average to produce a quart of milk in 1909, $.0246, without the charges for labor, etc., above set forth. Including the above charges, it could not be produced for less than 3c. You also have to count sickness. You have got to turn off from three to four cows every year. That is my experience. In order to realize a reasonable profit, in my opinion, I should have 1c. a quart profit over the three and a fraction. If I was receiving 4c. a quart throughout the year, I would consider that I was making a reasonable profit. I have not obtained anywhere near 4c. on an average in the past ten years. It is my opinion that I have

sold my milk at about cost. In making up the total amount of money that I received for the milk during 1909, let me add that I had back from our station 80 per cent. of the milk that we send in the form of skimmed milk. By careful experimentations one year, I found that that skimmed milk was worth to me about 20c. a hundred pounds. Adding to that value of the skimmed milk which is $26.46, adding to that the value of the calves, which I value at $25 a piece, the total is $1,933.57, making the total amount that I received. I sold my milk to James H. Owen, who has a private creamery at Chemung, N. Y. I am selling at exchange prices now. For April, May, June and July, I was to get the Exchange price, less 16c. and the other eight months I was to get Exchange price less 6c. We are in the 32c. zone and all of the milk that is bought in our section is on 6c. and 16c. off. Previous to the first of October our milk was taken at the creamery on the butter fat test, called the Babcock test, and they paid us according to the butter fat in the milk. Most of the farmers in my locality sell to the creameries, 6c. off for six months and 16c. off for six months. They do not get the full Exchange price because the freight rate is 6c. extra. If a farmer in my locality thought that the Exchange price or the Borden price was too low, he would have to keep his milk at home as the private creamery had stopped running and you can't get a responsible firm or dealer in New York to handle milk independently. You can sell it but you can't get satisfactory pay for it. I know of one instance where a man is selling to some small firm in Brooklyn, and he told me he was $700 behind. I understand that all the responsible dealers in New York city insist on buying milk at either Borden or Exchange prices. Taking it on an average, I think the Borden's and Exchange price will average about the same throughout the year. If Borden should put out a price of milk for $2 a hundred pounds three months after and at that time there was a great flush of milk in the market, $2 a hundred would not represent the value of milk according to the law of supply and demand and that would show that the price of milk as established is an arbitrary price and not dependent upon the supply and demand. Borden's is an arbitrary price. They set it six months in advance. The Exchange is not set six months in advance. The New York

Dairy Produce Company have a creamery in Chemung. I find the price they are going to pay from the "Country Gentleman," the "American Agriculturist," and the "Milk Reporter," and they all have a column which is entitled "Exchange prices" and in that column is set forth the prices that have been established by the Consolidated Milk Exchange for milk. There is no doubt in my mind when I see an Exchange price but that I will get that price for my milk, less the amount as charged in freight zone. Following are the average prices I received for butter fat when I sold my milk by test: 1909, January, 35; February, 32; March, 30; April 28½; May 27½; June, 25; July, 26; August, 30; September, 30 2/10. That price is for a pound of butter fat. In 1908, January, 43; February, 40; March, 35; April, 26; May, 23½; June, 23½; July, 24; August, 28; September, 32; October, 38; November, 38; December, 41. In 1907, January, 38; February, 35; March, 35½; April, 31; May, 25½; June, 25; July, 27½; August, 34½; September, 37; October, 41; November, 41; December, 41. The above figures represent cents per pound. As a practical producer of milk, I would state that if it is good and clean, it begins to deteriorate in about forty-eight hours after it has been taken from the cow. If there was no combination among the dealers in New York city to fix or control the price paid by them to the producers of milk, why would one dealer bid up when he is a little short. They never do; when the dealers all buy on the same price, there is an agreement somewhere. As to my knowledge of a combination or agreement among the dealers in New York city, to fix or control the price to be charged by them to the consumer, how did it happen that they all raised from 8c. to 9c. at the same time if there was not any agreement. That would incline me to believe that there was an agreement. I don't know anything about it personally. I am of the opinion that the existence of this Consolidated Milk Exchange is not beneficial to the producer. If each one had to make their independent price, I think there would be a chance for them to bid up. In my mind, there is practically no competition in the milk trade in my county. I believe that this state of the milk trade, eliminating all competition, is due to the fact that the Milk Exchange fixes prices, which are about the same as Borden's prices. I wish to correct myself.

There is one part of the county at Wellsburg, the Newark Milk & Cream Company runs a receiving plant, a condensory, but their prices are practically Exchange prices. It is my opinion that it is the custom in my county of taking milk, delivering it at the creamery, put it through a separator, and then reunite a portion of the cream with the milk so as to make a milk that is just above the 3 per cent. butter fat, and retaining the excess of cream and sending the milk to the New York market. There would not be any object in offering a premium for milk that has an excess of butter fat in it if they are going to sell their milk as fluid milk. Of my own knowledge, I do not know of any creamery in my locality where this separating is carried on. I think that in an average year 4½c. would be a fair price to the farmer, or 4c. in the summer and 5c. in the winter.

HERBERT E. COOK:

I am a farmer and cheese and butter maker, and am dean of the School of Agriculture of St. Lawrence University, and have been connected in that capacity since September 1, 1909. I have been connected with the State Department of Agriculture for a number of years. My farm is located at Denmark, Lewis county. I live at Canton. Milk is my chief product. I produce about 4,500 quarts per cow from 40 cows; that would be a total of about 180,000 quarts in a year. Approximately, if all the expenses put upon a cash basis, present prices of labor and cost of investment, I should say it would approximate very closely to 4c. a quart to produce milk. It will cost more to produce milk showing 5 per cent. butter fat than milk with 3 per cent. butter fat. In my opinion, the cost of production of milk would be: interest on the investment, labor and feed. If the interest on the investment included the depreciation of the property, why those items would practically cover the cost; if they did not, then the depreciation on the property, the keeping up of buildings and machinery and the loss yearly in the dairy, which is a very important item. We are employing in our school work a bookkeeper at $1,200 a year. I do not think that he is doing any more work than would be required to determine accurately the cost of producing the milk and the products of my farms. I think a fair price for the producer to get for his milk would be

10 per cent. above full cost. I sell my milk to Sam Levy. Our price is fixed by the price paid at Deer River and Carthage, and those prices are fixed on the Exchange price, which fixes our price. In other words, our price is practically the Exchange price. I have a written contract with Levy only for the winter. In summer our milk is manufactured into whatever we choose. Our contract is based upon Deer River prices and Deer River prices are based upon New York Exchange prices. Borden's operate a creamery in Northern New York. I recall only two in St. Lawrence county; there may be more. None in my immediate vicinity. I do not think that during the last two or three years Borden's price and the Exchange price have materially varied; perhaps slightly in favor of Borden prices, but prior to that there was a very distinct variation. I know the Borden prices are made six months in advance. I suppose there might be a combination among the milk dealers in New York city to control or fix the price to the producer. I think that might be the human equation in the situation if they could, but I don't know. I base my opinion on the general proposition of the tendency of human nature to get together. It is the spirit of the times to relate and co-ordinate and federate. On that basis I should say that there was a chance that they were — I don't suppose those men are fighting each other. I think the prices and the situation in the country are more satisfactory than they were when there was a strong warring element among milkmen in New York city. I regard a situation in which a number of dealers combine together to fix the price to the producer with their natural interest to fix as low a price as possible detrimental to the producer on general principles, as that would mean danger to the man with whom they were dealing. I do not know whether there is any understanding between Bordens and the Exchange in reference to the fixing of the price. I think every one knows that the skimming of milk was dons so that it still came within the 12 per cent. solids and 3 per cent. butter fat, and was very common in the winter time over those sections where the milk contained more than a normal amount of butter fat. I think there have been two or three indictments in Lewis county within the last two years for skimming milk. The De-

partment of Agriculture made a general inspection, if I understand right, of the creameries which takes into consideration the sanitation of the plant and the condition of the milk and its delivery to the consumer in its normal and legal condition, and I think this is one of the reasons why the practice of skimming has been done away with. In my opinion, cream would separate more quickly from milk if it had once been separated by a separator and then re-united. I would not consider that this would lessen the value or change the value of the milk in any way for human food because the very slightest agitation would re-incorporate the cream with the other solids of the milk. At one time, some years ago, the Howell people in Lowville carried a quantity of cream all summer, but I understand that the results were so very unsatisfactory, and I know they kept their churns running in the fall and they churned cream not of the best quality for a good many days, and I have never known of that practice being followed. If milk is bacteriologically clean — if it is free from germ life — it can be put into a bottle and immersed in ice water and kept a long time.

Q. Have you any remedy to suggest for the present situation in which the producer finds itself, selling milk at cost, so that the producer realizes a fair profit for his milk and at the same time the consumers get a good article at a reasonable price? A. By putting every cow on her ability to make milk at a profit in the hands of the owner.

I mean if it cost 4c. a quart with the cows in a certain dairy and a man cannot get 5c., I could go out of business. If he could produce it for 3c. he could sell it for 3½c. I think that is the solution — the placing of every cow upon her ability in the hands of the owner to produce milk at a profit. That would probably decrease the number of cows. It would seem to me that the transportation of milk at 32c. a can is out of proportion to the first cost of the milk. Now, we are getting $1.80 a hundred pounds and it cost 32c. to produce $1.80 worth. Now in the summer time the price would be very much lower, so that it will cost between ¼ and ⅕ of the first cost of the commodity in the country to transport it to New York. It seems to me that it is out of proportion to the cost of material based on the cost of transport-

ing them. Milk is cheaper than meat but higher than wheat and corn products. A quart of milk at 15c. a quart at 4 per cent. butter fat, with the attendant solids would furnish as much digestible nutrition as beef-steak would furnish at 18c. That would be 3c. in favor of milk and milk is very much cheaper now. On an average, I would say that milk is more expensive than the average food product.

(Later he changes his testimony and says:)

I would not think it was more expensive at 9c. a quart to the consumer in New York city than other food products. In my section and all through northern New York, cheese factories and butter factories furnish competition for the milk dealer. The shipment of milk to New York does not represent the same percentage of the total production of milk that it does in the older shipping sections. The cheese factories are called co-operative institutions, but in the real senese of being co-operative institutions, there are not many of them. They are owned by an individual and he takes the milk on commission and makes it for so much per hundred pounds of product. Very few farmers in northern New York own any portion of the factory.

ALMON R. EASTMAN:

I own two farms in the neighborhood of Deansville, New York, and let both out to tenants, but suppose I am a farmer as that is the only business that I have had for thirty-five or forty years. I have dairies upon both farms. I have no figures to base an opinion on as to what it would cost to produce a quart of milk. There are so many contingencies, differences, etc., that must be figured in. I would say that 4c. is nearer right than 3c. You must take into consideration the loss of cows through sickness, etc., and labor, buying utensils, and repairs upon buildings housing the cows. From one farm the milk went to a condensory at Deansville, New York, a distance of about four or five miles. I think it was called the International. There are no other creameries near. Borden's is at Waterville, and there is a shipping station at North Brookfield called the High Ground Dairy Company, both of which are accessible to one farm. I think the High Ground Dairy Company is a Brooklyn concern as I know that

during the panic in Brooklyn it was some months before they were able to pay any money. I do not know whether I sold the milk to Borden's at exchange prices. I have no information on that. I signed a contract when I sold my milk, but it was not as long as the contract with Borden's; that is, when the contract was made I was in Europe and the man on the farm signed a contract. Borden's make their prices six months in advance, but I have not kept tract of the Exchange prices. I have talked with my men on the farm and they said if they could get on an average of from 4¼c. to 4½c. there would be a little profit in it for them, that is, over and above the expenses. But I do not think they would come out even if they figured it right down. The general opinion in my vicinity is that milk is at present being sold a little below cost price, with the feeds and the labor question, the latter of which is a difficult one. We dare not trust ordinary helpers on the farm to go in and feed and take care of the dairies.

Q. Have you any comment to make on the situation where a farmer, a producer, is only paid on an average throughout the year of about three and a third cents for producing milk, going through all the various forms of work and expenditures necessary to produce the milk, and that the middle man who merely transports that milk from the producer to the consumer gets five and two-thirds cents a quart? A. Why the only comment is that it seems as though there ought to be in some way a more equal division. Whether it is possible or not to do that, I don't know. Of course I have no idea of what it costs to transport milk to New York, nor the expenses that the shipping stations of Borden's are under; I have no knowledge of that; I only know that producers are not getting any profit out of it. That is, when you figure profit as it should be figured.

I have no suggestions to make as to how the situation can be remedied. It looks to me as if there was a tacit understanding among the dealers to fix and control the price to be paid by producers. My knowledge comes exclusively from reading the papers and conversations I have had. I see the quotation of the Exchange prices and the prices that are paid by the Borden's and they run very closely together. I have no knowledge of a com-

bination existing in New York city among the dealers to raise the price of milk from eight to nine cents about November 1, 1909, but I simply read that the price had been raised, which seemed a little singular that it should be so soon after the price had been fixed to the producer. It looked as though the producer was getting quite his share of it; but, of course, we have no recourse. I never heard any conversation among dealers prior to November 1, 1909, in which they referred to the necessity or advisability of raising the price. I cannot answer as to whether the Consolidated Milk Exchange is beneficial or otherwise to the producer. I have never known any of its members. If I became dissatisfied with the price that Borden's offered me I suppose I would have to make it into butter, as we have no factory where we could go to. I have no personal knowledge that the owners of creameries separate cream from the milk and then reunite enough cream with the milk so that it has 3 per cent. butter fat and thereby save the excess of cream. I do not know how long the creameries keep milk or cream. I have no comment to make on the size of the freight rate at the present time for milk in the freight zone. It looks, though, the freight rate, the amount that they get from each carload of milk, was more in proportion to what it is of other freight. O course, I have no knowledge of the expense of running trains and I should not want to criticize them. I have felt that in many respects the Borden people have done a grand good thing for the dairymen in those districts where they have located. They are entitled to a good deal of credit for many things for they have compelled the dairymen to adopt much better methods in the care and cleanliness of the handling of their milk. It has seemed a little arbitrary but nevertheless it has been really a good thing and beneficial for the dairymen who made the changes so far as that is concerned. Of course, those changes and that work which they have done has added in the expense, and it ought to have added a little more to the price of milk to meet those various expenses to the producer.

GEORGE H. GREAVES:

I reside at Whitney's Point, New York, about 250 miles from New York, in Broome county, and have been a farmer nearly all my life. I am running two farms at the present time. The fig-

ures that I have prepared relate to only one farm. I have about thirty milking cows. I carry about thirty-eight cows in order to have thirty for milk. I produced about 58,400 quarts of milk during the year 1909. The total cost of production was about $1,752. Items entering into the costs were price of cow, keeping, care and feed, labor, milking, delivering milk to station, cost, care and construction of utensils, interest on investment and depreciation. Cost of cow $75 to $100, keeping, care and feed $65, labor, milking and delivering milk $12.50, care and construction of utensils $2.50, interest on investment and depreciation $10. I average what it costs a quart to make this milk. I calculate fifty tons of hay at $15 a ton, making $750, $600 for feed, $400 for hired help, that makes a total of $1,752. I reckon the cost of production of a quart of milk during that year was about 3c. The average production of better class of dairy cows will not exceed 6,000 pounds or 3,000 quarts of milk per year, which at 3c. a quart would be $90, just covering the cost of production. I would consider 1c. a reasonable profit on a quart. I think that I should get on an average of 4c. a quart to make a reasonable profit. At the present time I sell my milk to the Page Creamery Company, and until Bordens came there they took the milk at the New York Milk Exchange price. Previous to that I sold at the Milk Exchange price. The price of the milk produced in the State of New York that is not sold on Borden's contract is sold on the prices of the New York Milk Exchange at the producers shipping point, less one-half or one-quarter of a cent a quart, as a person can make his contract. If the milk is shipped from the 32c. zone, 30c. for freight, 5c. for ferriage, 20c. or 10c. per can for handling at the station for each forty quart can, and the farmer gets what is left; for instance, the present price of the New York Milk Exchange is $2.01. We are in a 32c. zone, therefore they deduct 37c. and 20c. for handling, making 57c. and the farmer gets $1.44 or $1.54 per can, and then this they would call the price which is posted at the station where the milk is delivered as the New York Milk Exchange price. The Exchange changes the price and the price is posted at the station. I think the majority or nearly all milk is sold at either Borden's or Milk Exchange prices. About one-half as much again is sold at Exchange as is

sold at Borden's price. In other words, about one-third to two-thirds. Previous to Borden's coming in there, they came in there and restricted us on what we would feed, then this other party gave us the same as the Borden's without any conditions in, less 4c. That is the way we get our price now. By the other party I mean the Page Creamery Company. When I made a contract with the dealer to sell to him at Exchange prices throughout a certain year, I did not have anything to say as to what prices the Exchange should establish during that year. I have one of the contracts here. It is based, I think, on the Exchange prices. I have one thing in my mind that will lead me to believe that there exists a combination among the dealers in New York city to fix or control the price of milk paid by them to the producer. The difference in price that they pay the producer and the difference in price which the consumer pays would lead me to believe that there must be a fixed price or something similar in order to force this price, in other words, the little price that the farmer gets and the greater price that the consumer pays, there is something wrong somewhere, whether you call it a milk trust or not, I am not able to say. I do not think I got as much as 3½c. for my milk during 1909. When the middle men get 5⅔c. and the farmer only gets 3½c., I would say that it was bankruptcy for the farmer and making millionaires of the middle men. That is the way it looks to me. I am speaking of my own experience. As far as knowing anything about the existence of a combination among the dealers in New York to fix and control the price charged by them to the consumer, I know things in my own mind but I would not feel like swearing to them. In explanation of little things in my mind, I would say that they are only things that I would gather up and put together, little threads of injustice done to men that have started in there and went out in the milk business that eventually has been run out and as you might say, lost everything they had. People have started in there and the way they have been used and treated and the way that the business has been run has led me to believe that there is something besides fair play in the milk business. In regard to the combination fixing the price of milk and raising it on November 1st, there isn't anything that I could swear positively, only

that they did raise the price of milk and it was unjust and unmanly for them to do it, and they must have had a combination in order to force the price of milk to 9c. and pay the farmer absolutely nothing. It is a hard matter to answer that when you really believe it and can't tell it. As a producer I did not get any portion of that one cent advance in price on November 1st. We never get any advance in milk; they simply give what they have a mind to and we have to take it. I am getting a fraction over 4c. a quart now. Witness later says: I got an advance of about ¼c. a quart about the first of November, which has been a custom for several years. I consider the existence of a milk exchange which fixes the price of milk and carries on operations similar to the Consolidated Milk Exchange detrimental to the farmer because it establishes the price so low that the farmer cannot live by it. If the Exchange establishes the price for milk we have got to accept it or keep our milk or give it to Borden, about the same thing, though, as it has been my experience that the Borden price and the Milk Exchange price average throughout the year about the same. If the Exchange keeps on doing business this way they will bankrupt the farmer; they will have more abandoned farms and depreciation of land if they still go on. Ten years ago I sold gluten for $10.80 a ton. To-day it is worth $30 and $32 to $35 a ton. It has advanced three times what it was worth at that time and milk has not advanced more than a cent and hardly that per quart to the producer. Hired help is almost double, and still milk has not advanced to correspond with that, and every farmer that is making milk to-day at Exchange price is making it at a loss unless, at the gentleman said, he has a family of his own that can do the work and live within his means. I understand that this exchange is so powerful that if we refuse to take its prices, we will be unable in any way to sell our milk, and we have either got to take the Exchange price or Borden's, which is about the same as the Exchange price. The Borden's and the Page Creamery Company are practically the only concerns to whom I could sell milk. The Page Creamery Company make their prices six months ahead and they have no reason of knowing what the price of cheese or butter will be at that time and the price of milk to-day is not as high as the price of butter

to the producer. The Page Creamery Company previous to Bordens coming in there took the Milk Exchange prices. Now the Bordens came there and make them six months ahead, and they follow the same, only 4 cents a hundred less. I know that Bordens and the Page Creamery Company advanced and raised the price simultaneously on various occasions. The trouble is, they all work together and we cannot tell what we want to tell. There are no other creameries or butter factories where I could deliver my or my neighbor's milk nearer than six miles and that is not available to me. In a way I think Bordens and Page Creamery Company are competitors, as they each hold out certain inducements to get all they can. I do not think they work together to keep the price down. I know that Borden and the other dairy that operates in my vicinity use a separator to separate the cream from the milk. I do not know whether they reunite the cream with the milk or not. It might be possible, although it does not seem so, with the pains that they take to keep the cream out and the facilities they have of straining it, entering this separator, it doesn't seem possible that they would run this through for the cleanliness of the milk. It may be possible that we get a little cleaner milk. I know at the time that this factory was run under the system of the Milk Exchange prices that they did separate cream from the milk and sent ten or twelve cans of cream to New York city a day. They also sent milk. The creameries in my vicinity offered premiums for milk that had an excess of butter fat. They bought it on test. They paid higher money for it. It gives them more cream. They got more cream and the State only required about 3 per cent. butter fat. It is my understanding that in this separating process the creameries take the excess cream and leave in the milk just the 3 per cent. that is required under the laws of this State. To sum up, I would state that it is my understanding that the object of separating the milk from the cream and then reuniting it would be to draw off the excess of cream over the 3 per cent. butter fat. I could not swear to it. Bordens fix their price April and October, that is, they establish it in September and March and commence the 1st of October for six months and the 1st of April for six months. That price is published broadcast,

and I know what the price is going to be for six months. There does not seem to be a surplus of milk in the farming localities. The only thing I wish to say in reference to the situation of the flush in New York city at the present time is that they are trying to raise the price of milk now and that might account for the flush. On the other hand, the lack of it in the farming districts might be on account of the high price of grain, hired help, high price of hay and the drought. I am informed that they have a way of holding over this flush of milk and carrying it over until they can use it in New York city. I cannot tell how it is done, but I have been told that it has been done right along. I have been told by a milk dealer in the city of Binghamton that he held milk thirty days and that you couldn't tell the difference, in fact, I had a sample of the cream and I pronounced it A-No. 1, and it was said to have been held thirty days. This man had something put in the cream, some preservative. He put this preservative in and also used ice. I would not say that milk that has been kept ten or twelve days is a proper article for food. I know all of our farmers are not satisfied with the Exchange and Borden's prices, but they cannot ship their milk. They could not sell it if they shipped it. They could not get rid of it because no independent dealer can sell milk in New York city. He has no show of selling milk there. He couldn't, if he tried to. I am in freight zone 32, about two hundred and fifty miles from New York, or something like that. I consider the freight rate very high as compared with other products shipped by railroad. In my judgment railroads are anxious to obtain shipments of milk. They make every effort to extend their lines out to the milk districts.

BENTON HOWELL:

I reside at Goshen. I have been a farmer all my lifetime. I am a producer of milk. I am a member of the Consolidated Milk Exchange. I do not remember how long. I was a member of the old Milk Exchange Limited when it was dissolved, also when it started and I have been a member of the Consolidated since it was organized, after the old Milk Exchange Limited was disolved. I own one share of stock, for which I paid. I

thought it was advisable for me to subscribe because at that time we thought we needed somebody to make a price for milk. As near as I understand it, the share of stock was simply transferred from the old Milk Exchange Limited to the share of stock in the Consolidated Milk Exchange. We thought at the time I became a stockholder in the Consolidated Milk Exchange that it was possible for a price to be placed upon milk by the members of the Consolidated Milk Exchange. We thought it advisable to have a price fixed by the Consolidated Milk Exchange because the farmers wanted to be represented in it. We wanted to send some one to be represented in our part. One of my neighbors was a member of the board of directors of the Consolidated Milk Exchange, Henry Young. I never attended a meeting of the directors or stockholders of the Consolidated. The board of directors of the Consolidated made the price for milk. If the board of directors of the Consolidated should raise the price of milk, the price to the persons to whom I sell would go up. Whatever the price was, we would get. If they lowered the price, we would get that much less. I sell my milk to Rankin Quell of Brooklyn — about 140 quarts a day at present. When I make my agreement with the people in Brooklyn, it is to sell at the prices established by the board of directors of the Consolidated Milk Exchange. I have done that ever since it was organized; that is the way we all do in my locality, unless they sell to Borden. I understand that all of the producers in my locality that I know of, sell to the dealers in New York city either at the prices established by Bordens or at the prices established by the Consolidated Milk Exchange. We make our agreements the first of April and the first of October. It is not any benefit to me now to be a member of the Consolidated Milk Exchange. The way it is I am not any particular member. I have to hold five shares to be a director and I own one share, and I have to send my proxy in and let someone else vote it. There are not many farmers that have shares in the exchange. It is composed mostly of dealers. The farmers have sold out. I do not know the cost of producing a quart of milk throughout the year. I don't think there is much profit at the present exchange prices. Yes, I know that the price of milk was raised in New York city about November first

from 8c. to 9c., but that don't affect us any as they did not raise much for us. I think they did raise ¼c. They raised ¼c. on the 23d of November. I have been selling to this concern in Brooklyn about three years. Previous to that I sold to A. Larson, Brooklyn. I learned of the advance in price on the 23d of November from the country papers. I have not received my money for the milk since the raise of ¼c. I knew they had raised because I saw it in the paper. I did not receive any letter or communication of any kind, but as I had contracted to receive exchange prices, when I saw it in the local paper, I knew that I would be entitled to ¼c. advance. Some of the farmers who bought stock are George Slaughter and Jim Howell. The people at the creamery bought this stock. It is pretty much all gathered in. I send my proxy once a month when they hold meetings to vote my stock.

WILL E. KAY:

I reside at Herkimer, New York. I think my farm is about 224 miles from New York. I have operated a dairy farm all my life and for the past four or five years I have managed two farms. On one farm I produced 83,618 quarts of milk at a cost of about .03553 per quart. I figure in the items of cost of lands and buildings at $12,000; thirty-five cows and five horses, $2,000; implements, tools, etc., $1,000, making a total investment of $15,000. I have interest of five per cent on that, $750. Taxes, $143.18. Repairs to buildings, etc., $150. Horseshoeing and incidentals, $83.00. Feed purchased, $518. Grass and other seeds, $44. Insurance $11.40. Making a total of $2,979.58. Therefore total cost divided by the number of quarts makes .0355 plus. I sold my milk in 1909 to the Mutual Milk and Cream Company. The average price I obtained from the Mutual Milk and Cream Company in 1909 was, in January, 0371. February, .0371. March, .0329. April, .0265. May, .0223. June, .0191. July, .0223. August, .0224. September, .0285. October, .0382. November, .0404. December, .0414. Our price was governed by the Michigan Milk Condensing Company at Frankfort. I am unable to say whether that is a Borden's concern or not. I can't see how milk under present conditions can be purchased for less than three cents

for six months and four cents for the other. I wish to state that the average price I received per quart during 1909 is .0284. There is no doubt but what I received less in 1909 than in 1908. I do not know of any reason why dealers in New York should raise the price of milk to the consumers in 1909. I believe there is a combination to buy this milk just as cheap as they can and not interfere with one another and each one sell it.

BENJAMIN F. LIVINGSTON:

I reside at Chemung, N. Y., Chemung county, about 265 miles from New York. I operate my farm at the present time and have been in the farming business all my life. I operate it principally as a dairy farm. The average cost of producing milk in the year 1909 on my farm was about three and one-half cents. The items going to make up that three and one-half cents are feed and labor, and wear and tear on cattle. I didn't figure interest on my investment. I sell my milk at exchange prices to the New York Dairy Produce Co., the president of which, John B. Wierk, is a member of the Consolidated Milk Exchange. I have delivered milk to them for ten or twelve years and my agreement has generally been oral — New York Exchange price; that is, the price established by the Consolidated Milk Exchange. All of the other producers in my vicinity deliver to some creamery. They all have the same form of contract. All sold on the exchange basis except one man. There is another creamery within two miles, operated by Mr. Roch. He is a dealer in Brooklyn. Milk is sold to him at the exchange price. There is another one in my vicinity about six miles, the Newark Milk & Cream Co., Mr. Wm. H. Bennett. Milk is delivered to him now this winter at the exchange prices. There is another creamery at Lockwood about seven miles from me. Milk is delivered to them at the exchange price. I do not know of any creamery in my vicinity sending milk to New York, at which the exchange price does not prevail. When I was dissatisfied with the exchange price, I went down to Newark and made a deal with a dealer. I deal in milk myself. I am a kind of a shipper. Two years ago, I went down and made a contract in Newark for cream that I realized a good deal more out of my milk. I made

a contract with an independent dealer once to get higher than exchange prices for milk in the winter time about three years ago. I have not tried to make any contracts within three years. I thought the exchange price was as good as I could get at present. I think the average of the exchange prices for 1909 is about three and one-third cents. About the same for 1908. Perhaps a shade higher for 1908 than for 1909. I do not think I am obtaining sufficient for my milk. I ain't making a living out of it. I don't know of any way at the present time that I could market my milk in New York at a higher price. In my opinion, the reason the farmer cannot get more than cost for his milk when that cost is three and one-half cents and the consumer is paying nine cents, is because the market is made by the New York Exchange and we have to accept that, otherwise quit business. I think there are two farmers in the exchange out of eighty members. I am not a member. I find out what price has been established by the Milk Exchange through a card which they send me every month every time the price changes. That card is sent by the "Milk Reporter." I subscribe to the "Milk Reporter" and pay twenty-five cents additional for this postal card service. For the last ten years. I have no doubt but what the New York Exchange controls the situation to such an extent that they can fix most any price that they please and the farmer has to take that price. I don't think that it is a fair proposition for a number of dealers to get together to fix a price of milk to the producer when their interest is altogether adverse to the producer and their interest is to buy milk as cheaply as possible. The Board of Directors of the Consolidated Milk Exchange claim to me that they fix a price for milk on the supply and demand. I don't know as that claim is justified altogether. I was talking with Mr. Wierk some time in the fall about the price of milk. He said that he could not live; that he would have to raise the price. He said they could not make any money at eight cents a quart. They would have to raise it. He said if Borden did, the rest of them would. I think this conversation was in September. He said the majority of the dealers in the city were going to see what Borden did and if Borden raised the price, they would all raise the price. I do not consider the Consolidated

Milk Exchange as it is at present constituted, beneficial to the producer. I think they take advantage in establishing prices. They lower the price sometimes where there is no reason for it. In the summer time, we don't realize anything out of the milk. Milk is always worth more than two cents a quart and no farmer can make milk at two cents a quart. In March, April and May, farmers always sell their milk at a loss and in June it just about pays enough to milk the cows. I have known the milk to be separated and reunited, but it is not done at the present time. It has not been done within the last year. The milk in my section does not run a great deal over 3 per cent., as we have mostly Holstein bred cows. The manager of the New York Produce Co. told me last week that they were going back to the eight-cent price the first of March. He said that all were going back to the eight-cent price.

H. LA MOTT LOCKE, *Farmer and Dealer:*

I reside near Richfield Springs, Ostego county, about 260 miles from New York. I have been interested in farming all my life, although I have been in a mercantile business for fifteen years and have also been a retailer of milk in the city of Chicago; owned a route there. My farm is operated as a dairy and hop farm. I should say it cost three and one quarter-cents to produce a quart of milk during 1909. At the present time, I am making butter and am selling the butter to my neighbor farmers. The items entering into the cost of the production are the cost of the business, plant, and the hay, the grain, the price of labor, tools and the buildings, that is, the repairs to the buildings. If I wanted to make a reasonably fair profit on my milk and on the investment I would not supply milk at less than four cents. I hardly think I would at that. I don't think the profits at four cents would enable him to receive as much profit on the amount invested as in any other business which I know of. There are milk stations in my vicinity. The milk all goes to New York at exchange price. There is somewhere between twelve or fifteen of these stations within the radius of fifteen or twenty miles of me; four or five within four miles of me, and one within one and one-quarter miles, where I carried. All the milk that is sent to

these stations is sold at exchange prices. All the exchange price that we get or know anything about what we are going to receive, is what we read through the papers and the sign they hang out at the door when they want to change it. This condition exists. The farmer takes his milk to the station and we get the amount posted on the door and that corresponds with the price that is established by the board of directors of the Consolidated Milk Exchange. Most all the papers print the exchange price. I take eight or ten different papers. We never get any more than that price. Howard Barton & Company operate the station where I carried last. Borden has no stations anywhere near me. It is supposed by the farmers in my locality that a combination exists among the dealers of New York city to fix or control the price paid to the producer for milk. They base that supposition on the fact that they are run by different parties and all make the change at the same time. As near as we know of, there are fifteen stations all run by different parties and all make the change at the same time. The stations are all owned by New York parties. I have understood that up to two years ago, the farmers who carried to the Bordens were getting a better price than those who got the exchange price; but for the past two years, it is a supposition among the farmers that they have co-operated together and are keeping about even up. It is a fact that their prices will about average. It is my supposition that a combination exists among the dealers of New York city to advance the price of milk one cent a bottle on November 1, 1909, to the consumer. I took my supposition from the fact that they raised it without any just cause, that we can see. It is not an accurate statement that the dealers raised this price because they had to pay the farmer an additional amount, for it is not. I never heard of any of the producers that got anything out of that one cent raise. When it costs a farmer three and one-quarter cents to produce a quart of milk and the middleman obtains five and two-thirds at the present price of milk for transporting that milk from the producers to the consumers, I should think they were making an exorbitant price. The difference between what they pay and what they are getting for it, I should think, was arbitrary. I regard the existence of the Consolidated Milk Exchange

as detrimental, because they are virtually forcing the farmer under the present conditions, as he has no other place to carry his milk, thereby compelling him to take less than the amount he can afford for his milk. There is no other place to market it that I know of. It is a supposition with all farmers that it would be impossible to market our milk through independent dealers. I think the only remedy is to erect co-operative creameries. I never knew that a separator cleansed milk in any way until to-day. I have one — one of the best in the market — and I don't see that it cleanses it in any way. The only use I can see for a separator is to separate the milk from the cream. I have been in Borden's stations where I have carried. Previous to two years ago, they used the separator in order to get the amount of cream that they wanted. Then they took the can of whole milk about three-fourths full, and then filled it up with skim milk in order to get the test which you speak of, that is, 3 per cent. butter fat. That practice is prevalent in the creameries in all stations that I have reference to and I have talked with most of them. I have been in most of them and that is the way milk is handled. They seek not to give the natural product to the consumers in New York city, but simply to give milk that will run 3 per cent. butter fact in order to comply with the law. One station near me was taken up under this law, which you speak of and had to pay pretty smart money for it. My impression is that the freight rates charged by the railroad companies are too high. I think that the railroads obtain more on their milk business than for any other class of freight for a similar amount of work. The railroads are anxious to do this milk business. They encourage the opening of stations along the line of the railroad. The stations are built through the express companies — all those that I speak of. I have quite an experience in regard to that. The man that first opened the station failed and beat the farmers out of about $1,000. I know I was about $70 out and I went out around among the patrons of that station, and I said to them, "When they want to open this station again, let's make the parties who want to open it, secure it." Mr. Westcott was there himself, and all the farmers agreed that we would do that and they put me in as spokesman, and I said to him, "We don't know

these parties which you brought up here to open the station, but we know the station belongs to you, and what security have we people got? We will bring our milk here if you will secure us." He wouldn't do it, but he says, "We have sold this station." I says, "How do we know that? We know you built it." He says, "You can tell by going to the county clerk's office." That was in Herkimer county; I lived in Otsego, just below the line and he says, "This property is security." Well, that queered the whole business. They all said they would bring the milk. "That is security enough." Well, I didn't think it was true, so I went to the county clerk's office and I found that that was all a farce; they still owned it. The express company still owned the station. That was Mr. Westcott. I think he was president of the Westcott Express Company. It is my impression he was the same Westcott that founded the Mutual Milk & Cream Company. Westcott was representing the Richfield Springs branch of the D. L. & W. It is my impression and the farmers' all along the line, that Westcott built all on that line. There is a shortage of milk in my vicinity at the present time. The advance in price in New York to the consumer might account for the flush of milk in New York. In the city of Chicago, it cost me about one and one-half cents a quart to deliver milk. I had a small route and went over a large territory. I consider that if you supply customers from house to house it can be done for about one and one-half cents a quart. One man with a horse and wagon can deliver about eight to ten cans, about four hundred quarts. I was selling dip milk. Any one that was dissatisfied with the exchange or the Borden prices, might have taken to the cheese factories, as some of the farmers did a great deal better there than the exchange price. The farmer should receive one cent a quart more in the winter than he does in the summer. There is just one point I wish to speak of and that is, it came up here about keeping the milk a long time. Now, I had a little experience that comes to me, if the fellow told the truth. I had a friend who was a cheese maker and he asked me to test some milk he had in his room. Knowing that I knew something about milk, he asked me if that was not fresh milk and sweet. I tasted it and it was sweet. He said "That milk was put up the 4th day of

July," and this was along in the middle of December. I asked him how he did it. He said, "I was sure that the milk was perfectly clean and sweet, and I got the animal heat out of it as soon as possible and I put up one-half a dozen cans in common fruit cans. I had it ice cold when it was put there and I submerged that in ice cold water so the air couldn't get to it and it has remained in that position from then until the present time," and that milk was certainly sweet. The conditions in my country are that you must either carry to the milk factory or to the milk station. They won't take you back and forth as we have had considerable trouble over this. Farmers, of course, want to get all they can out of milk but when the cheese factory is paying better prices than the exchange prices they would fall off and carry to the factory and vice versa. I had a talk with one of my neighbors this summer. She said the milk factory was paying about forty cents to fifty cents more. I asked her why she did not change. She said she dare not change because the factory will close and then she would not have any place for her winter milk. She did not want to go down on her knees and ask them to take her back after leaving. Those are the conditions that confront us in that respect. We can change from one milk station to the other and they take us back.

WILLIAM A. MATHER:

I am a farmer with a farm about 170 miles from Albany. I have always been a farmer. I know nothing about the cost of producing milk but think that the average farmer who has produced milk as his main product is losing money. During five months last winter I sold my milk to the Rosemary Creamery at Adams. The price that the creamery was to pay me and to which I agreed was one-quarter cent below the exchange price; the reason for the deviation from the exchange price was that this creamery is very anxious to get as much as possible and it bothers them sometimes and last winter they were paying quite a bit better than the prices we could get for butter and cheese manufactured; and for that reason the farmers wanted to take advantage of that increase in price, and so the Rosemary people agreed to take them in at a quarter under, and we were glad

to do it. From what I have read I should expect there is a combination among the dealers in this city to fix or control the price. I have no accurate information as to the raise of price on November 1, 1909. I know that a separator is used altogether in my locality, but I do not know why they do it. I think and feel that the farmers who appear in this investigation and swear that they can make milk for three to three and one-third cents a quart when they don't know, are doing themselves and the milk producers in this State in general a great injury, because the milk buyers in New York naturally won't feel any too good-natured toward a farmer who tells things that they do not wish to be told, and if there ever comes a chance that they can use that testimony to beat the price of milk down, they are going to do it. I do not think that milk can be produced for three cents a quart with any profit. I think that it is important that the farmers should establish co-operative creameries for their own protection. As an example right in Adams they put up a co-operative creamery at the cost of $8,000, within 200 feet of the Rosemary creamery and the third year the Rosemary creamery stopped and has been closed ever since, and every year except one we have received more money than the Rosemary people paid us. I certainly think that the farmer should have something to say about the price which he will get for his product.

ALBERT J. MOE:

I reside in the town of Burk, Franklin county, about 270 miles from Albany. I am engaged principally as a farmer. I keep about twelve cows. I do not know how much it costs me to produce milk. I have no idea how many quarts I produce. I have been sending my milk to a co-operative creamery where they make butter and cheese for a number of years located in the town of Burk. There is a shipping station in our town. It is that of the Sheffield Farms. The following prices were paid by Sheffield Farms at that station: January, 1909, $1.75 a hundred; February, $1.75; March, $1.55; April, $1.20; May, $1.05; June, $1; July, $1.25; August, $1.35; September, $1.35; October, $1.75; November, $1.80; December, $1.90; and the present month they are paying $1.90. I understand that these prices are a little over Borden's price, but some months we beat the co-operative price

and other months they beat us. This milk shipping in our county is a new thing. It has only been in existence a little over a year. Only five stations, and one or two of them just started this winter, and there is only a very little milk shipped from our town. The people prefer the factories; that is, having the milk worked up into butter and cheese rather than to sell to the stations. I know nothing of the operations of the Consolidated Milk Exchange.

CHARLES F. MOULTEN:

I reside in Cuba, Allegany county, and have been a farmer for about fifty years. My farm is operated almost exclusively as a dairy farm, and during the year 1909 I produced 90,000 quarts of milk, which cost to produce $2,890. The items entered into the cost of production are: interest on the investment, help, wear and tear of tools, taxes, rent and feed. The amount of interest on the investment was 5 per cent. on $12,000 or $600; help, $1,440; wear and tear, $200; taxes and rent, $150; feed, $500; latter not being total amount of feed but only that purchased outside; the help that I employed on the farm produces the balance of the feed taken in connection with the farm, making a total of $2,890, making the average cost of production of a quart of milk during the year 1909 three and two-tenths cents. I think if I received three and seven-tenths cents per quart I would be making a reasonable return on my investment. If I eliminated the 5 per cent. which I allowed on my investment, I think in order to make a reasonable profit and to cover that item and profit besides, I would have to sell milk at four cents. I retail the most of my milk around town, but have, until recently, sold my surplus to the Howell Condensed Milk Co. of New Jersey. I had no written contract, but they agreed verbally to pay the price that would be put out on the board. I get my knowledge of the exchange prices from the "Orange County Farmer," a paper published down in New York. I have compared the prices quoted as exchange prices in the "Orange County Farmer," with the prices which I received from the Howell people and they were not always the same. Mr. Knapp, who represented the Howell people, told me that they would follow the exchange price. So far as I know, all shipments from the creameries in my county are made to New York, and it was a general understanding that our creameries would pay pro-

ducers the prices fixed by the Consolidated Milk Exchange. Howell Bros. are shipping about one hundred cans, which is a third what they were shipping last year, due to the competition of the cheese factories. During the year 1909, I obtained the following prices for a 40-quart can: January, $1.70; February, $1.53 and $1.41; March, $1.41; April, $1.23 and $1.17; May, $1; June, $1; July, $1; August, $1.25 and $1.40; September, $1.50; October, $1.50; November, $1.75; December, $1.75. The reason that I am led to believe that there exists a combination among milk dealers in New York city to fix and control the price of milk paid by them to producers, is the fact that I had dealings with a milk dealer in New York. His name was Knapp. I think he lived in Goshen about three years ago. The only other reason is the fact that the price of milk has been arbitrarily raised at times when there were no natural causes that would warrant such raise, or depreciate it, either way. That would seem to me to indicate that there was. I mean that the price to the producer has been arbitrarily fixed. I believe that there is a combination which raised the price from eight to nine cents about November 1, 1909, because they pay us in the neighborhood of three cents or a little better and sell at nine cents, therefore it would seem there was an understanding. I should judge that this milk exchange would be detrimental from the fact that any combination that will arbitrarily fix the price of any product is detrimental, shutting out competition. In my retailing business I find that it costs about two cents a quart to deliver milk in my own town. When I sell milk at six cents a quart in my town, I realize a profit, as the production and delivery is about five and two-tenths cents per quart. There is strong competition here between cheese factories and the milk dealers. The farmers in this section consider a dollar at the factory as good as $1.20 delivered at the station. The twenty cents difference is due to the ten cents charge to deliver to the station and the ten cents which we consider whey worth. In April, the average price was $1.38 per hundred pounds; May, $1.09; June, $1.15; July, $1.18; August, $1.32; September, $1.41; October $1.60; November, $1.56; December, $1.66, being the twenty cents, which is a better price than the exchange. There is no condition that I know of that would entitle the dealer to charge the consumer nine cents

instead of eight cents in New York city. The statement that the milk dealers had to pay the farmer a higher price and therefore must increase the price from eight to nine cents a quart for a bottle of milk in New York city, is not based on fact and my information in regard to the truth of that statement is all to the contrary. I think the price of cheese was about six or seven cents a pound ten or fifteen years ago, and it is about fifteen or sixteen cents now, that is, the price that the farmer gets for it. It takes between four and five quarts of milk to make a pound of cheese. At certain times of the year it takes nine to eleven pounds of milk to make a pound of cheese. It is true that prior to the organization of the Consolidated Milk Exchange the farmers lost large sums of money by reason of their dealing with irresponsible men and their inability to find a dealer in New York that was responsible. I have observed that there is a relation between the rise and fall in milk in the butter and cheese prices and the rise and fall in milk. The prices that I quoted on cheese are for full cream cheese.

ANDREW J. NICOLL:

I reside at Delhi, Delaware county, New York, and am engaged as a dairyman and have been for twenty years. It is operated exclusively as a dairy farm. I produced about 80,000 quarts of milk in the year 1909. I had at different times thirty-seven cows. We calculate to milk not less than twenty-five cows at a time. My farm is about two hundred miles from New York. The total cost of producing the 80,000 quarts in 1909 was approximately $2,400. I figured in as items of cost, feed, labor, interest, taxes and depreciation as follows: $1,100 for feed; $700 for labor; $500 for interest on investment, taxes and insurance; and $100, depreciation. I have not considered the value of my services nor that of my wife's, who helps on the farm. I consider the cost of producing a quart about 3 cents. That was leaving out the value of our services. I should say that the producer would realize a fair profit if he got 4 cents a quart for his milk. I retail my milk in the town. The Delhi Co-operative Dairy Company, the Borden Condensed Milk Company and the Sanford Creamery, the latter of which is idle, are in my vicinity. Leaving out of the question the premium that Bordens pay for milk that has an excess of butter fat in it, they pay the usual

Bordens prices. The Co-operative Creamery make their milk largely into butter and ship it to Philadelphia. It is paid for on the price that they receive for the product of butter, cream, milk, casein and milk sugar. For the year 1907 they received 10,915,995 quarts and paid an average of 3.45 cents a quart. In the year 1908 they received 8,968,480 quarts and paid an average of 3.3 cents per quart. In 1909 they received 10,336,403 quarts and paid at the rate of 3.6 cents per quart. That was the Delhi Co-operative Dairy Company. When the Sanford Creamery was in operation, he bought, I think, on the Exchange prices. The farmers established this Delhi Co-operative Dairy Company for the purpose of competing with the others. They thought the price would be better than Bordens were paying. Bordens have now about met that price. I cannot say whether the Bordens pay the additional premium because the Delhi Co-operative Creamery is in existence. They pay the same price at Bloomville, Hamden and Walton that they do at Delhi. I understand that Sanford is a member of the Consolidated Milk Exchange. The only reason that I am led to believe that there is a combination among the dealers in New York city to fix the price paid to producers is that they appear to be driving out the competition in the country. It would be my opinion that the raise of price from 8 cents to 9 cents on November 1, 1909, was the result of concurrent action by the various milk dealers. In my own town it would cost about two cents a quart to deliver milk. I don't know how much it would cost in New York city.

EDWARD K. PARKINSON:

I reside in Albany and have been a farmer with a farm in Pennsylvania, sixteen miles from Philadelphia. I have not been on the farm for several years. I am a consulting agriculturist. I studied at Amherst, Massachusetts, Agricultural College. I have had five years of farming and was one of the editors of the "Country Gentleman" for two years. The figures that I have cover every cost which would go into any business of manufacturing milk. They include the capital invested, the taxes, depreciation, value of cows, taxes on cows, depreciation of cows, value of tools, and everything that enters into the cost of milk and all

details, salt, soap and everything. These figures will show the cost of milk from 6,000 pounds per year up to 8,000. To begin with 6,000 pounds, it amounts to 5.28 cents a quart to produce milk; 6,500 is the average which farmers produce throughout a year per cow. The average farmers produce eight quarts a day the year round per cow. It costs 4.79 cents per quart to produce milk in a farm in a decent business-like way, with sanitary stables and good pure milk. If you get up to 9,000 pounds, that is higher milk production. You get milk cheaper. You get down to about three and a half cents. On taking eight quarts a day as an average per year throughout the country, it costs 5.28 cents a quart to produce that milk at the present price of grain. My figures are based on a twenty-cow dairy per cow share. A building for a twenty-cow dairy costs you $1,500 which is a very moderate cost for a building which includes the storing of the food. Per cow share is $75. The interest, taxes, depreciation, repairs and insurance are estimated at 10 per cent. which is a fair value, that is $7.50 per year for that cow. The value of a cow is given at $75. Cannot get a good cow for less. Interest and taxes on a cow at 6 per cent. amount to $4.50 a year. There is a depreciation of 20 per cent. Cow's life in a dairy is about four to six years. At the end of that time they bring about $15 a piece. The value of grainery tools per cow is 80 cents, and the interest and depreciation on that, 15 per cent., is 12 cents which should be added. I have now the value of barn tools per cow, $2.28. This is farm scales, shovels, fork, trucks for grain, manure, etc., and the interest and depreciation on this sum at 15 per cent. is 34 cents. The value of the dairy implements per cow is $3.25. This includes milk scales, pails, Babcock tester, strainer, hot-water heater, cleaning brushes, etc. Interest and depreciation at 15 per cent. amount to 50 cents. The value of perishable tools, such as currying brushes, recording sheets, soap, salt, ice, bedding and everything amounts to $11.86. The value of food consumed for the cow, forty pounds of ensilage daily, $4.50 a ton. While that might be a little too much, personally I could figure down to $3.50 a ton, depending on the kind of land. That amounts to $20.16. Twelve pounds of hay daily for 224 days at $17 a ton is $22.55. Eight pounds of grain for 224 days at $32 a ton,

$28.07, making a total for food, $71.68. The twenty weeks of pasture at 30 cents a week, I think that is a fair estimate, amounts to a total of $20.93, making a total, including the labor for handling and milking one cow, $30, cost of milk, $162.43. Credit against that, manure, $20, one calf a year valued at $2, making a total cost of $140.43 for milk. The figures handed in by Mr. Parkinson show as follows, running under the above schedule of costs for 6,000 pounds of milk:

6,220 pounds of milk can be produced at $4.79;
7,000 pounds of milk can be produced at $4.53;
7,500 pounds of milk can be produced at $4.22;
8,000 pounds of milk can be produced at $3.96.

I have obtained these figures from different farmers, asking them the cost of building, grain, etc., and have consulted the statistics of agricultural colleges. Grain has gone up more than 25 per cent. in the last ten years. I think the price of milk is arbitrary as far as I can make out from seeing here. If you go down to the "Country Gentleman's" office and look over the records of the association for the last ten years, you will find that it varies very little, almost nothing at all. For six months it is that price and six months it is the other price. Pasture milk is supposed to be cheaper, as in the winter they raise it on account of the cows having to be fed. I do not know, but I think the prices between the Exchange and Bordens run about the same. I think they practically mean to have them about as near together as possible.

JOHN S. PETTEYS:

I reside at Greenwich, Washington county, New York. Have been a farmer practically all my life. I am situated about one hundred and eighty-six miles from New York. In 1908 I produce about seventy thousand pounds of milk, about thirty-five thousand quarts. Average about thirteen or fourteen cows. I would think it cost about three or three and one-half cents to produce a quart of milk during the year 1909 or 1908. I think the farmer ought to get about three and on-half or four cents in order to realize a fair profit. I sold my milk to Daniel Whiting & Sons of Boston during the past year. I had no agreement

with them and I sold at either exchange or Borden's prices, but approximately the exchange price. They usually gave out a statement of the prices about fifteen days before the ensuing month. I get my knowledge of the consolidated prices from the agricultural papers. I have never sold milk to any one who shipped milk to New York. I know nothing about the Consolidated Milk Exchange. Last September I was a juror on a case against the Montgomery Creamery Company. They were charged with separating milk and shipping skimmed milk to New York, sixty-eight cans I think, and sold it as whole milk. That happened some years previous to this time. We brought in a verdict of $6,000 against Montgomery. Trial was held at Salem, Washington county. The milk was separated with a separator. As I understand it, they skimmed a certain portion of the milk and then saved the cream and mixed the skim milk with some whole milk that they had. I understand this skimming of milk had taken place two or three years previous to the trial.

WILLIAM P. RICHARDSON:

I reside at Goshen and have been a farmer for about thirty years. I was presidential elector in 1888 and State Senator in 1890. I remember the Milk Exchange Limited and had dealings with it. From my dealings with the Milk Exchange Limited, I would say the nature of the business that they carried on at that time, was as follows: I attended one meeting I remember quiet distinctly. I was president of the Farmers' Organization of Orange county and we were endeavoring to get a better price for milk. Finally I was delegated to meet with the Milk Exchange and see what could be done, which I did; presented our side of the case to them, cost of feed, etc. They did not sympathize much with my suggestion. Finally concluded that they would take it up in executive session. I had not been out of the room five minutes before they made the price for the next month — exactly what we didn't want. When we made this effort to obtain this price, as I stated, I was delegated to attend the meeting. They decided, so I have understood, unanimously not to make the price we had asked for. The result was the calling of a meeting at the courthouse in Goshen, a mass

meeting of the farms, at which meeting it was decided that unless we could obtain the price that we felt we were entitled to, to stop our milk, which we did. It was such a serious stoppage that the next morning the president of the Milk Exchange came to Goshen to see me and asked me if I would be kind enough to name a committee to meet with the Exchange Limited. It was called "Limited" in those days; it has been unlimited ever since. At that meeting we were in session all day. We finally agreed upon a set of prices for the year which aggregated forty for the year; the prices agreed upon at this conference were maintained for about a year and a half. They went through the first year all right, they recognized, and milk was bought and sold upon our agreement. The next year they formed what was called a joint price committee and I was made chairman of that committee and the price was made, but during the second year the dealers sent back so far into the country for milk that they overwhelmed us with cheap milk — back in the butter and cheese districts. They broke our prices down, and we were unable to maintain them afterwards. That was the history down to that time and the result of my conference with the Board of Directors of the Milk Exchange. The Milk Exchange made a proposition that some of the farmers join and they elected directors of the Milk Exchange. I made a proposition to them that if they meant to do what was fair and right, that they give us equal representation on the board and if the board of directors could not agree that we leave it to a referee, but they ridiculed that idea and I am sorry to say that some of our farmers were foolish enough to be drawn into the proposition of going onto the board of directors when they have about as much to say about the price of milk as that has, just about. It is a simple fact and I cannot understand why any one tries to get away from it that the prices made by the Milk Exchange are the guide, absolutely the guide. I do know that it is and has been for years the guide throughout the country, either the exchange or Borden's. I don't know of any difference in the method of the Consolidated Milk Exchange carrying on its business or fixing the value of milk than that used by the Milk Exchange Limited. As to the age of milk when it

gets into New York: Sunday night's milk, if it isn't more than forty miles from here, gets in here Tuesday morning. And you take the milk train that starts back in this outside territory where the dealers go for milk clear back into the interior, Pennsylvania and New Jersey and up in Vermont and off in these different directions where they start the milk train at six o'clock in the morning and that milk is in transit until eleven or twelve o'clock the next night getting into New York. Therefore you can see that it is Tuesday morning before it is distributed here; absolutely wrong — no occasion for it. Milk begins to deteriorate in less time than forty-eight hours. I think the situation could be remedied. It could be done if the railroads would join. Couldn't do it with the dealers because they are not in sympathy with the idea; they would not put it into practice for the reason it would compel them to pay better prices and more regular prices to the farmers. But if the railroads would make rates according to the distance they haul, if they have got a short haul, make the rate for a short haul, and then join in trains, regulate their trains so that the milk — well, I might say that some years ago I went to Samuel Felton, vice-president of the Erie railroad, and made a proposition to him to have milk shipped as quickly as possible; have the morning milk come down on the Orange County Express, lead a car at Goshen; I agreed to have that car loaded with morning's milk. That milk, if it came down on the Orange County, would have been delivered here in New York, the same morning's milk, at 10 o'clock, 11 o'clock possibly; shortly after the arrival of the train. Now, he took that idea up and was very favorable to it, and if Mr. Felton had remained with the Erie railroad it would have been put into operation, been tested so that we would have tried it and see how it worked out. But he went with the Queen & Crescent I think it was, and somebody came in and didn't understand the situation and so it went. Now, the trouble is that the D., L. & W., the O. & W. and when Westcott was alive, the New York Central railroads, the railroads that have got the long haul, wanted to keep the milk business because it is the best paying trains they have got on the road, even that any passenger trains that they have had or any other kind of freight; they want that business;

they had an agent in charge of that department with the Erie who was very much afraid that if they got into a wrangle with the other milk agents of the railroads, and the fact that the others were a little bit smart for the Erie man and they threatened him that if they put the price down for the nearby territory that they would put it down all along the line anyway and the result was that the Erie lost all its nearby business. The other roads built up a business; take the Ontario & Western, didn't have anything. They are shipping more to-day than the Erie. The Delaware, Lackawanna & Western didn't have anything until Mr. Westcott took hold of it, and the Erie was compelled to go and build ice houses and go way out beyond their natural territory in order to keep from breaking its price of freight rates, and in the suit by the dealer that they had exhausted the nearby territory, I told Mr. Felton that if he would put that idea into operation I would agree within twenty-four hours to give him every can of milk west of Port Jervis that he was getting before and agree for each of the counties to double the supply of milk in Orange county. Until something is done, the people of New York city will use milk which has deteriorated by age. They do not get a satisfactory article, and this wrangle will be continuous. There is an improved condition here in New York city that has changed by time to a certain extent. I say it has improved because it makes fewer people to deal with, and that is a consolidation of the smaller concerns into, for instance, take the Sheffield farms that have been buying up, Beakes has been buying, and there is the Mutual, the Empire, all these other concerns been buying, the McDermott have been buying a lot and they have got a lot of the smaller ones out of the way. The exchange price is published in all our papers. In my vicinity, contracts for the sale of milk at exchange prices are ordinarily made on the first of April and the first of October. There is a good deal of milk that is sold now by the month — not under contract so much. I should say there are eight or ten creameries within deliverable distance from my house and everyone of them except Bordens now buys on exchange prices. I do not know exactly how much it costs to produce a quart of milk but I do not believe that a man to-day, with the present cost of feed and labor, can produce

milk for much less than three, four and five. I mean three cents for four months, four cents for four months and five cents for four months. As to knowing whether there exists any combination among the dealers in New York city to fix the price of milk paid by them to the producer, I do not know to the extent of being present at any joint meeting where a discussion of that kind took place. I do know what the feeling is and has existed here for a good many years among the dealers. I have argued with them in regard to better prices for the farmer, that they have got to have more money for the milk in the city, and I know there has been a feeling that they were going to do it. Borden's people tried one year and the others stole the trade and they quit and the Sheffield people got it, and this year they seem to have had an affinity of mind, something that has happened to hit it together. There is not the slightest doubt in my mind but what a combination exists among the dealers in New York city to fix the price to the producer and the producer has to take that price. I would suggest an equal representation on the board, of the milk dealers and representatives of the producers, and also consumers, as a substitute for the quotations now made by the Milk Exchange which would be more beneficial to the farmer. I presume that I have seen, in my life, a thousand times, milk taken from the dlifferent creameries, taken from the cold milk and either made into cream, either used in the manufacture of butter, or else it was added to other milk to bring up the standard. I have not been as familiar with creameries in the last few years as I was prior to that time. Then it was an ordinary every-day occurrence; I don't believe that it exists as much as it did a few years ago. I know that cream is kept for weeks in the summer time, about the early part of June. Sometimes it is kept as long as thirty or sixty days. I have never seen it but I have no doubt but what it has been kept at least thirty days. As to the system known as standardizing milk, that is, grading it to straight skimmed, 3 per cent., 3½ per cent. and four per cent. butter fat, each package to be marked so that it can be easily identified, and heavy penalties imposed for any violation, I think that would be rather difficult to enforce. It can be done if you have got the machinery, no doubt about that, but do the

public know that a milk that is rich in butter fat is not as wholesome as a milk that is not? That is the fact. Take a Jersey, it is almost impossible to bring a Jersey calf up on a Jersey cow, on its own mother's milk. We get a hardier, better calf, to put him on the native cow or Holstein. I would not have this rich butter fat milk for my family to drink. I was thinking, when you first suggested it, Mr. Referee, that perhaps the idea was to have high prices on the high butter fats and so on down. The impression I am afraid would be to the public, that in buying a cheaper milk in price, they would be getting a cheaper grade, but the public would possibly soon familiarize themselves with that and if they found that they could buy as much real value for two cents as they could buy for six cents, they would take the cheaper, and as an actual fact, if that situation existed and 3 per cent. butter fat was sold to the poorer people, the poor people would be getting a more wholesome milk than the people who would pay the higher price and that would be a highly desirable result.

Information sent in at request of Referee:

As to graded milk, the effect of flush milk in the market, the long distance haul by railroads, and my explanation of the proposition originally made by the then proposed Consolidated Exchange for farmers to subscribe to one-half the capital stock. In answer to the proposition made by the Consolidated Milk Exchange to sell 50 per cent. of their stock to the farmers and give them representation on the Price Making Committee would say that about the time of the shift from the Limited to the Consolidated Milk Exchange, I made the following in lieu of the one proposed by them, namely that if the Exchange would incorporate in their by-laws that in the forming of a Price Making Committee the farmers should have equal representation without regard to stock holdings, said farmer representatives to be selected by recognized organization of farmers in the country producing milk, and if at any time this Price Making Committee, composed of equal representation of dealers and farmers, should fail to agree, that then the producers should name a referee, the milk dealers a referee, and if those two, composed of disinterested business men, were

unable to agree, that the two should then select a third, and whatever decision was arrived at by a majority or all of the referees should be accepted and abided by dealers and producers. My reason for doing this was that it was perfectly apparent to all that the dealers could at any time buy a few shares of stock from some farmer and obtain control of the Price Making Committee. So far as I can see the question of grading milk and putting the same on the basis of butter fat ranging from three to four per cent., would seem fair to producer and consumer, provided the enforcement of the law was done by the State through a commissioner or commissioners who are thoroughly familiar with the production of milk, the operations of the middle men and the needs of the consumer. I should be opposed to the sale of skim milk in Greater New York at the present time, believing it would be better to test the ability of a milk commission to regulate and control under the aforesaid proposition. I believe it would be necessary to have a capable, intelligent commission thoroughly understand the milk business, as there are periods of the year when it is necessary to take care of a considerable surplus of milk, who would be able to suggest ways and means of obtaining the most money for this surplus. I would also suggest that from a hygienic, sanitary and healthful standpoint, that the age of milk sold in Greater New York should not exceed twenty-four hours from producer to consumer, and that this should be regulated by statute. The present rate by the railroads gives a twenty-six, twenty-nine and thirty-two cent freight zone, and in my opinion these zones cover too much territory and that the prices should be readjusted and the prices based upon the distance of the haul rather than upon present arbitrary and ununiform rate per distance of haul.

EDWARD B. SANFORD:

I reside at Warwick, N. Y. I am a farmer and treasurer of the New Jersey Corporation of the Sanford Dairy Company. I have produced milk since 1886. The principal office of the corporation is at No. 138 West Thirty-first street. The capital stock of the corporation is $27,000. We have paid one dividend about a year ago, 5 per cent. We have two creameries, one at Delhi, Delaware county, New York, which has not been operated for one

or two years, and one at Circleville, Orange county, New York. We also have one at Mulford, Sussex county, New Jersey, and one at Great Meadows, Warren county, New Jersey. I was not a member of the Milk Exchange Limited, and I am a stockholder of the Consolidated Milk Exchange and was a director for about two years up to a year ago. I have never been an officer, director, stockholder or employee of Borden's Condensed Milk Company, Sheffield Farms, Slasson Decker Company or the Mutual Milk and Cream Company. I own five shares of stock in the Orange County Milk Association. I attended about half of the meetings while I was director of the Consolidated. I don't remember clearly what took place at the meeting. To my knowledge the Consolidated never dealt in milk. I used to attend directors meetings more on account of my real estate interests then I did in relation to milk business. We sometimes pay Exchange prices, at other times Borden's. We do not retail much milk, but soon after November first we raised the price to some of our customers to nine cents. Our business is mostly wholesale. Our retail business would probably not amount to more than $365 per year. I have no recollection of Gorman calling on me in reference to a campaign of education. My recollection is that Mr. Laemmle was the secretary of the Consolidated at the time I was a director. I should say that it cost from two and a half to three and a quarter cents to produce a quart of milk. I never separate the milk and reunite the skim milk to enough of the cream to make a milk that will run 3 per cent. butter fat in order to comply with the law. I have been told of cases where it has been done, but not with the object you mentioned, but for the purpose of cleanliness. I am not a member of the Milk Dealers Protective Association. I do not know Bleffort. To get the best results by the gravity process in obtaining cream, the milk should be cooled as soon as possible and should not be greatly agitated. Milk which is treated this way will issue a more distinct line of bottled cream and milk than milk that has been agitated. When we have an unusual high price, then we find two conditions both fatal to us as dealers. One is that the high price to the wholesalers causes him to curtail his consumption. You may ask me what he does. I don't know. That has been asked many times. He does curtail the consumption, that I do

know, from ten to thirty per cent, whether he uses a substitute or whether he shortens up the measure, I know he uses less milk. Also the higher price causes the producer of course to reach for it with cattle and feed, and before we know it we are in the condition we are today and we have a great deal more milk than we know what to do with. We have what we term a flush. I think, in fact, if it were not for some very great sacrifices we are making in the market, we would have 50 per cent. more than we want. The flush that is caused by the holding back usually clears itself unless it is followed by a period of warm, depressing weather, something of that sort which also stimulates the production; any lowering of temperature, open winter, as it is termed, usually makes plenty of milk. The fact of lowering the price, among others, would be theoretically to diminish the supply. As a matter of practice that might take a little time, but in time it would be accomplished.

MILTON L. SANFORD:

I reside at Warwick, New York, county of Orange, about sixty-four miles from New York, and am a farmer, producing milk and selling it myself in this market. I buy some milk as well as sell it. I have no store or office in New York city but have a creamery at Warwick. I work for the Mutual Milk and Cream Company part of my time. I own from fifteen to eighteen shares of stock in the Consolidated Milk Exchange. I once owned a block of 50 shares. I sold those. I think I acquired my last block of stock in 1900. I own from fifty to one hundred and fifty shares of stock in the Milk Exchange Limited. I have been an officer and director of the Consolidated Milk Exchange. I was a director of the Consolidated Exchange from its incorporation till October of 1906 or 1907, then I resigned. I was a director in the Milk Exchange Limited about two or three years before I went out of business. I was the first trader of the Consolidated Milk Exchange. Two or three weeks ago I bought a few shares of stock in the Mutual Milk and Cream Company but I have not as yet received them so I don't know whether I am a stockholder of record or not. The nature of my work for the Mutual Milk and Cream Company is selling of icehouses, repairing of country

creameries, making contracts with farmers or rather, after the prices are handed to me, to go and meet farmers and talk it over; any miscellaneous things, most anything they call on me. Some times I work for fifteen days steady, then I don't work for a week. At an early date the meetings of the board of directors of the Milk Exchange Limited were held at 20–22 North Moore street, later they were held at 6 Harrison street. Meetings of the board of directors of the Consolidated Milk Exchange were held at Jersey City, also in New York at 6 Harrison street. I don't know as there was any difference in the nature of the business carried on by the Milk Exchange Limited and the Consolidated Milk Exchange. Think it was about the same. In an early day of the Limited Exchange, as I remember it, they took the farmers' milk and sold it on a commission, but never any of that was done after I came in the board. It was done previous to that but not after I came in. During the time that I was on the board of the Milk Exchange Limited the business transacted was very similar to that of the consolidated. The nature of the business was the finding the value of milk. In the consolidated there was a discussion as to the value among the different members; same saw one side and some saw it another, and then they fixed a value.

Q. And that took the form of a resolution that was entered in the board of directors minutes? A. Why, from the price committee, as I remember.

When I left Borden's Mr. Laemmle was secretary. I think there were some members of the old Milk Exchange Limited board that went into the board of the Consolidated Milk Exchange. I did myself. I attended a number of special meetings of the board of directors of the Consolidated Milk Exchange to consider the value of milk. The object of the exchange in fixing the value of milk was so that we have some way of paying our bills and know what they are going to be. I buy my milk at the exchange price. I specified in my contract when I bought milk on the exchange and also specified when I did not buy on the exchange. About twenty-five or thirty years ago men would come in here and you buy his milk on the New York market

price. We had no exchange. We would inquire around when it was time to pay. The price was so and so. There was different people who pretended to make the price. There was no exchange. We would start in and settle on that. First thing you would get a letter from a farmer for the difference because his neighbor Tom Jones got a quarter or more or half more, and when these exchanges were organized I think the farmers were about as anxious to have them as the dealers. I handle certified milk. I read in the New York papers and casually heard it talked over that the price of bottled milk was on November 1, 1909, raised from eight to nine cents. I heard no discussion among dealers previous to November 1st in reference to the raise. I think when I resigned in October, 1906 or 1907, Mr. James A. Howell went on the board in my place. I know nothing about any practice of separating cream from the milk for the purpose of standardizing it, making it run 3 per cent. butter fat. I don't know what it costs to produce a quart of milk. As to my knowledge when the Mutual Milk and Cream Company raised its price of bottled milk in New York to nine cents a quart on November 1st, I won't say whether it was done November 1st or afterwards. They told me in the office that they had raised the price to nine cents a quart a few days afterwards. I don't know what day they did it.

HENRY STEVENS:

I reside at Lacona, Oswego county, about one hundred and fifty-five miles from New York. I have always been a farmer. I have two farms, both of which are operated as dairy farms. I have no figures from which I could state the cost of producing a quart of milk during 1909, and do not know how much milk I produced. My milk as a rule goes to a co-operative cheese and butter factory. I used to sell it to the Mutual Milk and Cream Company, six miles from my farm. I think the last was a year ago last winter. The price was a certain amount that we agreed upon extending over one to three months in advance, or perhaps five months, and I sold this milk to these people to a certain time. I think it was the first of March, and at that time they wanted me to agree to take it two months longer until the first of May and I did not

feel just like doing it without consulting with the patrons of the factory, and finally I fixed it with them, and if we decided to take this milk the extra two months, that they would take it and we were to notify them a week or two before the time expired. We did not make any written contract. It was all verbal and we sent them word when we would take it, but when the time expired, they sent up word the same as today that tomorrow they did not want our milk. Then, of course, our factory man, he took it then and made it up; and they have done in that same way several times, that is, they have gone through the country there when they are short of milk, and bought it for a certain length of time. There is a station at Lacona, what we call a milk station, that pays the exchange price. There is a cheese factory right in the same village that has made butter or shipped cream and made skimmed cheese, and they have been able the past year to pay the patrons more for milk than they could get over to the station. The facts are the station has not got but a very little milk except they went in the west part of town, perhaps five miles, and contracted with a factory, all the milk that came to this factory until the first of December. Outside of that they get very little milk from the farmers because they could not pay as much as these men that made the milk up into cheese and cream. I don't know as to whether there is a combination or agreement among the dealers of New York city, and I don't know whether the combine did raise the price of milk the first of November. I might have an opinion and that opinion is that they are a combination. I base that on the fact that they have raised the price about the same time. I heard no discussion among dealers as to raising the price prior to November. They use the separator in my vicinity but not to reduce the milk to a 3 per cent. butter fat standard. They separate the cream and ship it to New York and make it into butter and make the skimmed milk up into cheese. I have been breeding Holsteins about thirty-five years and I think their milk will test on an average about three and seven tenths butter fat, during the season. I think if a producer can get from three and one-third to four cents a quart that he would be doing quite well. I would not expect for shipping milk and making cheese that with some of these breeds

that give a large percentage of butter fat and a small amount of milk that they could make very much money, but I think as a rule that if farmers could get around four cents a quart for their milk they can do better than they can in anything else. There is one thing now in the cost of milk. The sanitary conditions have got to be a great deal higher than they used to be, and that all makes more expense. I think there are a great many men sent out to inspect the plants and property that are very incompetent.

WILLIAM H. STRONG:

I reside at Goshen, between Goshen and Middletown, and my business is farming. My farm is about sixty-three miles from the city. I sell my milk to Bordens and at Bordens' price. The creamery is at Middletown. I heard no discussions among any one connected with Bordens or any of the dealers with reference to the necessity of advisability of a raise in price from eight to nine cents a quart in New York city. I know of no agreement. I produced 194,985 pounds of milk on my farm during the year 1909, that would be about 95,000 quarts. The cost of production of that milk per quart would be pretty close to three and one-fourth cents. Entering into the cost of production I figured mill feeds, hay, labor and interest on investment. At the present way things are we couldn't make any profit at less than three, four and five. In the same manner Mr. Bennett figures it. I don't know anything of a combination among the dealers in New York city. If I couldn't sell my milk to Bordens, I could sell it to the Diamond Dairy Company or the Orange County Milk Association. I know of no custom in which cream is taken from the milk so as to make it run 3 per cent. butter fat and save the excess of cream.

HARRY VAIL:

I am a farmer and reside at Millford, New York, and I have been in that business about ten years. I have produced about 80,000 pounds of milk which would be equivalent to about 44,000 quarts. It costs me about three and two-fifths cents to produce a quart of milk during the year 1909. In order to realize a fair profit I think I would have to sell milk at about

four cents in summer and five cents in winter, or about an average of four and one-half cents the year round. I have sold my milk to Borden's for the last two years under contract. We have two prices in our country, an Exchange, and also prices made by Borden's, and we can take our pick. Most of the milk in my country is sold at either Borden's or Exchange prices. I think that Borden's prices and the Exchange prices average about the same throughout the year. During the past two or three years they have been about even. The average cost or production was about the same as the selling price, and I attribute that to the fact that we are at the mercy of the dealers, Borden's and the Exchange members, and we have got to take their prices or keep our milk. There are no cheese factories, creameries or butter factories to compete against them. When it costs 3 2/5 cents to produce a quart of milk throughout the year and the dealers in New York city are charging 9 cents a quart, I think it is too much profit for the middle-man. I have fifty cows but am only milking twenty-one. I get 280 quarts a day from those twenty-one cows for six months. I have no knowledge as to the existence of a combination. I do not understand why the price is kept so low. It looks as though there should be something in order to get at the price, and I do not know whether the Consolidated Milk Exchange is beneficial to the producer. I saw a separator in operation, and I saw them separate the cream from the milk, and I saw by the tubes leading from the cream vat and the milk vat that they reunited portions of the cream with the skim milk, and then this mixture connected below and ran into a tank and then went to the bottling table. I do not know whether they reunited all of the cream or simply enough to make it 3 per cent. butter fat. Borden's hold us strictly to all the terms of the contracts that we sign which we are willing to do if we get paid for the milk. My own cows are not flush. They are milking very fair. I have known the Howells Condensed Milk Company at Pine Island to have several thousand cans of cream on hand holding them for hot weather. The practice is to make up this cream when the milk is flush and hold it may be two or three months afterward. They keep it by burying it in ice. It would look to me as though the farmer ought to get half when the con-

sumer has to pay 9 cents a quart. The Exchange price for milk during December in my section was 4¼ cents per quart. A quart of milk weighs 2⅛ pounds, and if the Exchange price is 4¼ cents that would mean the same. Following is the expense of my dairy for the month of December, 1909:

Feed bill	$117 64
Labor	75 00
Nine tons sugar beets	72 00
Hay	112 18
Interest, 5 per cent., on cows and barn	14 00
Four bundles of straw	32
Carting milk	15 50
Taxes on cow barns	2 17
Total	$408 81

In return for this cost to produce I sold milk for $339.44.

WILLIAM A. WELLS:

I reside at Goshen, and am cashier of a bank. I was born and brought up on a farm and worked on a farm until about ten years ago. We produced milk to sell in the New York market — I, in connection with my father. I am not in the milk business at present. I believe I am a stockholder in the Consolidated Milk Exchange. The shares came through my father. I have never attended any meetings of the directors or stockholders of the Consolidated Milk Exchange. I should think that the price was established or fixed by the Consolidated Milk Exchange and that the farmers in my locality expected and did get the price that was established. The farmers in my district sell their milk at either Exchange or Borden price. I do not know of any fact that would lead me to believe that there was a combination to raise the price of milk on or about November 1st.

RUFUS WIKOFF.

I reside a little out of Cooperstown, in Otsego county and have been a farmer all my life. I have two farms, one I operate myself and the other I let out to tenants. I have about thirty cows. During the year 1909, from thirty cows, I produced 63,763 quarts

of milk. It cost me about three and one-fifth cents a quart to produce this milk. The items going in to make up this cost generally, are capital, feed and labor. If the farmer sells at four cents a quart, he is realizing what I would regard as a reasonable profit. That is, average four cents throughout the year. My farm is about three hundred miles from New York. I think I would average about fifteen milking cows during the year. My cows average about eleven months as milking cows. I consider the average cow to last about six years for milk production. Cows generally are supposed to be at a prime from five to ten years. I sometimes get sixty dollars for beef cows after I am through milking them. A good cow about three years old should cost from sixty dollars to one hundred dollars. Most of the milk in my country is marketed to the International Milk Produce Company, who manufacture different kinds of cheese and they make ice cream in the summer. They were shut off with a little surplus they had, that is, they accumulated a little surplus and they thought they would start a trade in New York and they established a little market there and put $300 in an outfit, and gave a man $5 a day and continued it until they lost $180 at eight cents a quart. That is what I was told yesterday. It cost me ten cents a hundred to draw my milk. The price of milk was first made out less ten cents. In 1908, I produced the following amount of milk from my farm: January, 2,687 quarts; February, 3,349; March, 4,576; April, 5,657; May, 8,210; June, 10,324; July, 8,235; August, 5,308; September, 2,759; October, 2,349; November, 1,816; December, 2,733. During 1909, the average price per quart I obtained for milk was $.026869. In 1908, I obtained an average price per quart of $.02611 and during the year 1907 I produced milk as follows: January, 4,226 quarts; February, 4,045; March, 5,939; April, 5,939; May, 7,278; June, 9,080; July, 8,344; August, 6,328; September, 3,949; October, 2,776; November, 1,832; December, 1,474. For this year, I received an average price per quart of $.026746. I have read somewhat of the Consolidated Milk Exchange, and it fixes the price that the dealers of New York city pay the farmers for milk, but I have never taken it very seriously into consideration. Every one has believed that it was trying to rob the producer. It looks to us

as if they make their prices in New York city. Most of the producers think that is it. I don't know about the exchange trying to fix the price to be paid by the consumers. I know in our section of the country there has been no combination at all to put up the price of milk, and our milk price is about the same as it has been. It does not affect us a fraction of a cent one way or the other. I sell to the manufacturing company that manufactures milk into cheese. I asked the gentleman if he couldn't pay us a little more since the advance in New York city and he said he could not, as their prices were not reckoned on milk, but the side produces from milk. It is my opinion that the Consolidated Milk Exchange, as it is at present constituted, is not beneficial to us, because they are not paying us any more for milk — no more than they have paid — and not anything near enough for producing milk. They say there were some men in my county using a separator to separate the milk from the cream, and after the milk was separated from the cream and reunited them so that the milk in the reunited product shall show not to exceed 3 per cent. butter fat, but it was not profitable. They were sending 3 per cent. cream to New York and selling it for what they could get, making the milk or cream contain what the law required. No doubt that was the case, but I think there is very little of it going on now. There is a small Borden station at Elk Creek in my county. There is not a flush of milk in my vicinity at the present time. I do not know that there is a flush of milk in New York city from what I can find out and from what I have read. I think the supply and demand is pretty well balanced. The Board of Health in New York city are driving out a great many farmers from the dairy business. These farmers then go to the cheese factories. I don't know whether the separator is used for cleaning or purifying milk. I don't think it is. You can keep cream longer than milk by keeping it extremely cold, down to 40, and it doesn't do it any good if you can keep it. In my opinion, cream that is kept two or three months would not be wholesome and fresh and it would not be palatable any way.

HENRY YOUNG:

I reside at Goshen, N. Y., and have been a farmer about twenty years. I am a producer of milk but have never been a dealer. I am a stockholder and director of the consolidated Milk Exchange

and have been a director about three years. I was also clerk of the Value Committee. I was made such about two years ago. I attended the last meeting about the 15th of December, 1909. We met at No. 6 Harrison street. Sometimes they made reports and sometimes they didn't at these meetings. I saw memoranda in regard to values lying on the table some time the last of November, but I don't know what was responsible for them or who had charge of them. Those memoranda were ballots taken when we were fixing the value of milk, just say informal ballots, five, $1.25; eight, $1.10. The list of prices under the heading "Exchange Prices" in the "Milk Reporter" are the same figures as the values arrived at by the Board of Directors. There were eighty members of the Association and seventeen members of the Board of Directors. They sent a postal card as to the value of milk to every subscriber of the "Reporter." They have been sending them for a great many years. I sell my milk at present to a man in Paterson, N. J., a Mr. Brower. I have no written agreement. I get the market price. I expected to get the exchange price. I did get the exchange price — the price that was published by the "Reporter." I have been selling to this man about six months. Previous to that I sold to the Orange County Milk people and practically got the exchange price. I don't know of any agreement between the members of the Consolidated Milk Exchange to observe or live up to the price or values that were established by the Board of Directors. I don't know whether there was any agreement among the members of the Consolidated Milk Exchange to raise the price of bottled milk from eight cents to nine cents a quart in New York city about November 1, 1909. I heard some discussion among the members of the Board of Directors — I heard several men say they were not getting enough and could not make their expenses, and if they did not get more for their milk they did not know what would happen. I was never present when they agreed to raise the price of milk at that date. I never had a conversation with Mr. Schoonmaker except three years ago, and at that time I never conversed with him to try to establish a concerted action in setting a price of milk. The last meeting of the Consolidated Milk Exchange Board of Directors was in the last of December, about the 30th. I don't think they put any value

on milk at that time. I think they reported "no change in value of milk." I don't think they passed any resolutions. That meeting was held at No. 6 Harrison street, and I think Mr. William B. Conklin was present. There were about twelve or thirteen present. The meeting was in November instead of December. I did ~~feed, he has to own hirses,machinery, get ice, and he has to ice the~~ attend a meeting in Jersey City about the middle of December. The committee of values did not report at that meeting. That was a special meeting. Mr. Laemmle was there. In the production of milk and finally delivering it to the creamery, a man must own or rent a farm, then he has to stock it, he has to employ labor to milk the cows twice a day, he has to cut the hay, he has to buy feed, he has to own horses, machinery, get ice, and he has to ice the milk up, keep it half a day and deliver it to the creamery. I don't remember what the average price of milk was during the year 1909. I am sure there is no profit to the producer when he has to sell at three and one-third cents. I would say that a quart of milk cannot be produced on the farm and delivered to the creamery (milk that would suit the requirements of the New York Board of Health) for less than five cents a quart in the winter months. Four cents would be a good price just to let a man out if he got that during the summer months. The last meeting in November, the price was raised to the producer one-fourth cent. The only comment I have to make on the fact that the farmer gets three and one-third cents a quart and the consumer pays nine cents, and the fact that the middle man or dealer gets five and two-thirds cents a guart for taking it from the farmer to the consumer, is that there is a large item of expense that the outside people do not appreciate and that the dealers are under; there is considerable expense in handling the milk, and it does cost money there is no doubt. What it is I am unprepared to say, but I do honestly believe that there is a very great expense from the time the milk leaves the farmer until it is turned over to the consumer. No doubt about it.

(See list of questions and answers submitted to Young attached to his testimony for full report.)

HENRY ARNSTEIN:

I reside at 147 West 111th street and am branch manager of the Mutual Milk and Cream Company at 214 East 22d street and have been in that position since the 1st of May, 1909. I was collector for the Mutual Milk and Cream Company previous to that. I was in that capacity six years ago last May 2d — I sold out to them at that time. I have been a director, I believe, for four or five years but am not one at the present time. I am on the executive board. At the meetings of the executive committee, which are held every Friday at three o'clock, we simply meet and questions of business come up from time to time. As to my becoming a member of the Milk Dealers Protective Association, I would say that one day Mr. Bleffort came up there and he says, "See here, it is a wonder you wouldn't join our association, you have got so many cans flying around." Every day when we shipped our empties we were short of cans most of the time. He said, "Come down and see yourself." I says, "Go ahead and just propose me and I will join you." Then I notified Mr. Cavanaugh about this thing, I told him that I was going to belong to it. He even never knew it until I told him. Mr. Cavanaugh says, "Oh, you haven't got time to attend to that." I says, "You will see, your cans flying all around, it is wise to belong to it." He didn't say "Yes," or "No," and I paid the $25 myself. Bye and bye, I told him I was a member. He says, "Well, I will reimburse you — I will give you that $25." Well, I says, "You have got more cans back today than your $25.00 amounts to." They bring us back as high as fifteen or twenty cans a day. Well, things ran along and one day I came after that meeting. It was quite late, probably about one-quarter to five and they said they had passed on an assessment of twenty-five cents each member. "Oh," I says, "you can't do that! The boss wouldn't certainly stand for that." "Well," he says, "you see what you benefit by it. Your company is getting lots of cans." So when that thing was all over, this legislation had been going on for some time. I have been up to the Legislature myself last spring to Albany. Mr. Scott brought in a bill that a man could not have a libel for a man on his premises, unless it was done in his own

county. That was the very first job I had taken to the Mutual Milk and Cream Company when I started. There was a delegation one year, I should say about eight of us and we met a man at Albany, a Mr. Richardson. He drafted this bill himself some years ago. We went up there and had a lengthy discussion. Several assemblymen came into the room. Finally, we got his answer that everything was satisfactory,— that the law would stay the same. Well, then this 4 per cent. solid matter came up as you probably know, that this shows on an average probably eleven and ninety one hundredths and the State gets hold of a case like that and finds a sample of that kind, they prosecute you for it, even if the milk comes as it did from the cow. They thought they wanted some legislation on it. I gave my $500 to Mr. Wetterhahn. I did not try to find out how he disbursed the money. I didn't know that a portion of this fund was used to pay the losses on the wagon that Bleffort drove. I don't know that that was the general sense of the old membership of this association. We pay our collectors more than we pay the association. We pay Mr. Walsh fifteen cents for every can he brings in and I believe he gets a yearly salary besides. Mr. Sam Levy is a member of the association and Mr. Wetterhahn. I think Mr. Geier is the head of the West Side branch. I think Mr. O'Neil is connected with it. Others belonging to the association that I know of are Michaelson, Steffans, Martin, Burlinson (he belongs to the Harlem association), Mr. Gostly, the Tietjen Bros. and the Beakes Dairy Co. I know Mr. O'Neil and Mr. Geier. I used to meet them nights in buying the milk. I don't know whether they represented the Milk Dealers Protective Association. I have known Mr. O'Neil since he was a boy. He was in the milk business twenty-four years. I resigned from the Milk Dealers Protective Association because Mr. Cavanaugh thought I was attending too many meetings as he needed me in the office on the executive board. I wrote two letters, one to the Harlem and Bronx Association and the other to the Milk Dealers Protective Association, tendering my resignation. In regarding to my knowing Miller — when I worked on 103d street and I lived on 111th street, and when I was a collector, I used to walk down to business every morning, and kept a grocery store corner

of 103d street and Park avenue. Sam Levy used to sell him his milk and that is all I ever heard about Miller until finally I read in the papers that he had gone in the milk business and Bleffort followed him up with the dead wagon. That is all I know about Miller. I have 200 shares in the Mutual. I know Mr. Castely. I don't known whether he has $9,000 fund in his possession. I paid my $500 to Mr. Wetterhahn. We sold milk at thirty-eight cents a can above exchange price. Mr. Cavanaugh either 'phoned or gave me a slip of paper and says that the price will be so much on such and such a day and I put out the price on our blackboard to notify the drivers to inform the customers that commencing with such a date, the price will be so much. Our price is usually thirty-eight cents above exchange, plus freight.

ROBERT BRUCE BAKER:

I reside at No. 509 West One Hundred and Seventy-third street. I am in the milk and butter business for forty years. I am in the business individually. I have no dairies or stations in the country, and have not had any for eight years. My main store is in New York city, No. 591 Second avenue. I have no branch stores at the present time. I sell all my milk in New York city. I am a stockholder of the Consolidated Milk Exchange, but was not a stockholder of the Milk Exchange Limited. I have never been an officer or director. I did not own stock in Borden's Condensed Milk Company, Sheffield-Farms-Slasson-Decker Company or the Mutual Company. I have attended meetings a few times of the stockholders or directors of the Consolidated Exchange. I do not think I have been there in eight years. I think the last meeting was held at No. 6 Harrison street. I did not remember what took place at those meetings.

I was supposed to pay certain annual dues to the Consolidated Milk Exchange and I understood that they were to pay expenses, rent of rooms, etc. The reason I bought some stock at that time — I was running creameries, and I thought that by getting acquainted I might be able to place some of my milk when I had too much. I did not really know that the main purpose of the organization was to fix a value upon milk. I take the Milk Reporter and I see that it says, "The Exchange made such a price," I consider that the official paper of the Exchange, that is the Exchange

price. I use the values and prices that I find in the Milk Reporter as a guide. I know something of what I have got to pay for milk when I see that. My contracts with the producers are usually verbal. Sometimes I pay five to ten cents more than the Exchange price. On being questioned by the referee the witness testifies that this price which is five to ten cents above the Exchange price is not paid directly to the farmer. It is paid to the creamery whom it appears the witness buys his milk from as he does not buy his milk directly from the farmer. I think there is a custom in the country for milk dealers to pay the exchange price or thereabouts. I do not know whether the price to be charged to the consumer was ever fixed by agreement among the members of the Consolidated Milk Exchange. I think I paid during the years of 1907, 1908 and 1909, substantially the prices quoted by the Milk Reporter as the exchange price, plus five or ten cents, as I have heretofore testified. I think in 1907 I was buying directly from the farmer. I think at that time I paid very nearly the price fixed by the Milk Exchange. I did not raise the price on November first, and I am still selling at eight cents. My trade is on the East Side among the poorer people, and if they keep up that price for any length of time I think I will raise also. I think I will be able to make ends meet over the winter. I would say that my profit is pretty small. I deal in dipped milk more than in bottled milk. I charge six and seven, seven cents on the the route and six cents in the store. I did not raise the price, but I remember that some of the dealers raised the price in 1907 to nine cents. I did not. I continued in the milk business just as I have for the last forty years, and I have made a living. I am not connected with the Consolidated Mutual Aid Society and I am not a member of the Dairyman's Manufacturing Company or a stockholder. At one time I was in a way concerned with the company who owned the stock, but I never owned any stock individually. I was with the Tri-State Dairy Company who owned some stock at that time. I purchased some of my milk of Joseph Laemmle and some of the Dairy Products Company. I buy milk already bottled from Laemmle. I furnish the bottles and he charges me five and a quarter cents per quart. In June I think I paid him in the neighborhood of three and a quarter or four cents per quart. All

that I had to do with that milk that I received from Laemmle was to put it on my wagons and have a man deliver it to my customers. Laemmle did not deliver the milk to me. I had to get it from the platform. I paid the freight on the railroad. That is in addition to the price I paid Laemmle. I think I paid two and three-quarter cents per quart for the loose milk and I paid the freight. My milk was nearly all from long hauls and I paid the railroads about thirty-two cents a can or nearly a cent per bottle for freight in addition to what I paid Laemmle. By a long haul I mean beyond a hundred miles.

DEALER.

CHARLES H. C. BEAKES:

I reside in the city of New York and am a farmer and officer of corporations carrying on the milk business, and especially am I an officer of the Beakes Dairy Company, of which I am president and director. I have been in the milk business for forty years. Mr. Alfred Ely of No. 31 Nassau street, New York city, appeared as attorney for witness, and objected and contended that the examination should be confined to the issue raised by the petition, and further made the specific objection that the issue raised is that whether on November 1, 1909, there was a combination and an agreement under which the price of bottled milk was raised from 8 cents to 9 cents a quart.

Objections were overruled and an exception taken.

I am a director of the Beakes Dairy Company and the Orange County Milk Association, except I might include the Consolidated Milk Exchange. The Consolidated Milk Exchange is not engaged in buying or selling milk, to my knowledge, and I think it has not been. Beakes Dairy Company is a New York corporation with a capitalization of $100,000.

Objected to by Mr. Ely on the ground that the financial questions cannot be made a subject of this inquiry.

I own $62,000 of the stock of the Beakes Dairy Company.

Several objections by Mr. Ely and overruled by the referee.

I am not a stockholder in any other corporations except those I have mentioned, and I think I have sixty-one shares in the Consolidated Milk Exchange, and I do not know that I am the largest

stockholder. I was a member, officer and director of the Milk Exchange Limited.

Objection by Mr. Ely that the questions are answered under protest of witness as to the jurisdiction of the court, and especially with reference to all questions relating to the Milk Exchange Limited, which ceased to exist fifteen or sixteen years ago.

The Milk Exchange Limited, a New York corporation, was organized in 1882, as far as I can recollect, and did business in New York from 1882 to 1895, and had an office at No. 6 Harrison street, borough of Manhattan, city of New York, and held meetings there laterally. I don't remember exactly when. I do remember that in 1891 the Attorney-General brought an action to dissolve the Milk Exchange Limited, but don't remember the result of it.

Objection by Mr. Ely that the proper way to prove the organization and dissolution of the Milk Exchange Limited is to produce the official record.

Witness permitted to state whatever he knows about it.

After the action was brought for the dissolution of the Milk Exchange Limited I and others organized the Consolidated Milk Exchange. I don't remember that they were about the same parties in the Consolidated Milk Exchange; they were connected with the Milk Exchange. I do remember that some of the Consolidated Milk Exchange people were formerly connected with the Milk Exchange Limited. I do not know what percentage, and do not know who the organizers of the Consolidated Milk Exchange were, but I might have known at the time. I think Mr. McBride was one of them. I do not recall who subscribed for the stock of the Consolidated. Mr. W. A. Wright was the first president. Many of the members of the Milk Exchange Limited became stockholders of the Consolidated Milk Exchange. I don't own, nor does any of my family own, any stock in the Borden's Condensed Milk Company, Sheffield Farms-Slawson-Decker Company or the Mutual Cream and Milk Company. From 1895 the directors of the Consolidated Milk Exchange met at No. 76 Montgomery street, Jersey City, up to 1900, I think, and then they met at No. 357 Warren street, and since then at No. 6 Harrison street, New York. I have been a director ever since its incorporation and have,

as regularly as I could, attended the meetings. I think the directors began to hold their meetings at No. 6 Harrison street immediately after incorporation or very soon thereafter. The business of the Consolidated Milk Exchange was looking after everything that pertains to the milk business in a general way.

Q. The Consolidated Milk Exchange has a capital stock, has it not?

Objected to and objection overruled.

The business of the Consolidated Milk Exchange was the gathering of all information we got in regard to the production of milk, and it has a capital stock of $1,500 divided into shares of $25 each, but has been reduced to $2 each, and I hold sixty-one or sixty-three of the $2 shares out of the 750 shares of the corporation. The stockholders pay annual dues of $2. The directors do not fix the price to be paid by members of the Consolidated Milk Exchange to producers. They never pass upon the amount that is to be paid. I know a newspaper called the Milk Reporter. I do not know that the Milk Reporter, a newspaper, publishes the exchange prices. I see the values as expressed in the Milk Reporter. I don't know where they get the prices from. These prices are not sent by the board to the Milk Reporter, but I do say that the prices are not fixed by the board of directors. The prices shown in the Milk Reporter are not fixed by the directors.

Q. Now, what, if anything, did you have to do with these prices? A. The exchange may have expressed its judgment as to the value of milk, and its judgment may have been identical with these prices.

The board of directors expresses its judgment as to the value of milk by resolution. I have not got the minute book of the board of directors of the Consolidated Milk Exchange. Mr. Laemmle, the secretary, will undoubtedly produce the books.

No member of the Consolidated Milk Exchange discussed with me taking up the matter of the campaign of education of milk.

Witness by advice of counsel declined to sign his name and on objection by Mr. Ely was excused.

The same ruling, on witness being requested to write Beakes Dairy Company.

Witness shown a paper.

Q. Did you write the words, "Standard Dairy Company?" A. Standard Dairy?

Q. Beakes Dairy Company? A. Yes, sir.

And that is my handwriting. Paper was signed in 1909, and the paper offered in evidence, the same being a proposed agreement to be circulated among milk men to raise a contribution for an educational campaign in the columns of the *New York Tribune,* a newspaper, wherein the milkmen were to share the expense, and signed only by said two parties. The date of the paper was May, 1908. For six months previous to May, 1908, Mr. Gorman had been around proposing to do certain things through the newspaper. Milk was being maligned, mothers were being frightened, and I was getting ready to double my subscription, if the value of milk as a food product could be put before the people right. The papers were full of untrue adverse criticism on milk and I discussed the subject many times with Mr. Gorman. The price was nine cents when I discussed it, but the price had nothing to do with it. It remained at nine cents from October or November, 1907, until April 1st or May 1st, 1908. In May, 1908, the price went up to eight cents, bottled milk, and this was the time that I signed the above paper. I signed the paper to help Mr. Gorman in his work. I never gave Mr. Gorman a ballot, shown me, of the Consolidated Milk Exchange.

Ballot received in evidence and marked Exhibit B for indentification.

I have seen the paper, and the letters of the alphabet on it are in my handwriting. Mr. Gorman brought the paper to my office in the winter and wanted to get each dealer to sign it, and I did so thinking it would help him. There are some names on the paper of members of the Consolidated Milk Exchange. Some of the milk companies, while not members themselves, their officers are members of the Consolidated Milk Exchange. I am an officer of the Beakes Dairy Company and also an officer of the exchange. I don't know how many other companies are similarly situated. List of the members of the Consolidated Milk Exchange marked Exhibit 2 in evidence.

These different letters represent that different ones would be better able to pay different sums to the campaign of education; Sheffield's a little than Borden's, and so on. It was a classification of dealers as to the amount of business they were doing. I don't think I said anything to Mr. Gorman about educating the public up to the idea of paying more for milk. I don't remember of ever having talked this over with other members of the exchange. If the public understood the value of milk as a food they would use more of it. It is the third cheapest food today, and I was willing to pay a hundred dollars as my share in acquainting the public with the value of milk as a food, and I thought the campaign would increase the demand for milk 25 per cent. Mr. Gorman came to me and asked when the exchange would meet, and if he could present the matter to them. I told him to come down and I would ask the directors. He came down to 6 Harrison street where the exchange holds meetings, and I think what he had to say was very unsatisfactory to them. Exhibit 1 was signed in May, 1909. Milk was eight cents a quart then. The directors hold meetings sometimes three and four times a month. I attended regular meetings. They are usually held at 6 Harrison street; probably three or four meetings a year are held in Jersey City. The minutes are written out from the memory of the secretary. The board of directors give their judgment on what the value of milk is. The resolution is the result of a general discussion, taking into account the conditions in all sections of the country, and the estimate of value is for the day on which it is made. The Milk Reporter gives the price per quart, while the exchange arrives at value per can. I don't think any of the members send the notice to the Milk Reporter. Before arriving at the value of milk, the exchange takes into account the conditions in the country, whether the supply was excessive or short, and the manufacturing basis, the selling basis, and everything that went to make up the value of milk.

Q. What was the object of the Board of Directors of the Milk Exchange giving their judgment as to the value? A. That there might be an intelligent expression of the judgment of the directors as to the value of milk, and it was not merely the intention that this resolution should be communicated to the stockholders.

I do not know that I could specify their intention any further than "the meeting had made an accurate and intelligent, tangible, expression of value, that everybody could use that wanted to." Any one could ask us and we would tell them. Reporters frequently inquired. The members of the Exchange paid different prices and were not controlled by the Exchange price. The Beakes Dairy Company in pricing, followed the Milk Exchange price "to a degree." In some counties I paid more and in some less, depending on local conditions. I have a large acquaintance among the members. All the members of the Exchange do not follow Exchange prices. We make the value subject to freight charges, etc., and the price mentioned in the "Milk Reporter" is a net price, and charges and everything had been taken off. The value expressed by the Exchange is the value of milk at the depots in New York. Value and price are not synonymous words. The Exchange has nothing to do with the selling or buying. The prices shown in the "Milk Reporter" and made exhibits may be the same as the values expressed by the Exchange, with whatever deductions are to be made for freight charges, etc. I have seen postal cards sent out by the "Milk Reporter" to subscribers, giving the Exchange value. I sometimes pay Borden's prices. The members made no effort to buy personally at Exchange prices. The service that the valuation gave to members was that it gave them an intelligent basis as to the value of milk at the time. Years ago there was difficulty to arrive at settlements between the producers and dealers, and the value fixed by the Exchange greatly facilitated that. If the producers are not satisfied with the value fixed by the Exchange, they sell to somebody else. All the members have not the same opinion as to the value and they buy at different prices. There is the hardest competition between the members that you can conceive. Many think the expression of value is useless, but I don't; because I think it gives an intelligent, tangible expression of the value of milk at the time, and this expression "is valuable to everybody that gets it just to that degree." The public has confidence in it because of the accuracy of the judgment of values of the directors for fifteen years. The directors do not make the price in the interest of the dealers. There is no agreement not

to bid against each other in the market, and no presumption that they will follow Exchange prices. The Milk Exchange Limited is different in some respects from the Consolidated. The stockholders of the old Milk Exchange did not always follow the price fixed by the Board. There was nothing to prevent a man paying any price he could get it for. The old Exchange declared a price and issued their card. They sold milk on a commission basis. The old Exchange made a price and issued a card to the public.

Q. Previous to November 1, 1909, did you have any discussion with any other milk dealer in reference to raising the price of bottled milk? A. Yes.

Q. With whom did you discuss it? A. Why naturally, whenever two or three dealers were together, the matter was discussed. I don't recall with whom.

The Consolidated Milk Exchange passed no resolutions on this subject. It was discussed among the members, but not among the Board. The discussion began back in August, when the prices began to go up. We all discussed the desirability of getting more money for the milk. I think I mentioned to Mr. Blizzard of Borden's, when I was selling them some condensed milk, asking him, "Were they going to try to go through the winter on eight-cent milk?" He said they had not taken the subject up; and thought it was going to be pretty hard. It was a matter of discussion among the dealers whenever they met. The Mutual Aid is a partnership carrying on the insurance business of dealers. Bordens are not members. I don't know what the Mutual is.

In the summer and fall of 1908, the average price per hundred pounds was more than the average price per hundred pounds in 1909. The price to the consumer does not drop simultaneously with the falling of the price to the producer. The price of bottled milk has stood uniform ever since it dropped from 10 cents. It has been at 8 cents. It dropped from 12 to 10, and from 10 to 8 cents. The value of milk runs down in June and July to 2¼ and 2½ cents. We have to take more milk than we want in the flush season in order to have enough when it is scarce, in January and February. In the flush season we have to manufacture, and always at a loss. The Bordens have not had the choice of the dairies. There is a variety of prices all the time. I decided to

advance the price when I heard Bordens had put up the price. My drivers brought in word on the 29th of October, I think. I put out my notices at once. I did not know Bordens were going to advance the price. And dipped milk was advanced to 7 cents about the same time. Dealers deliver dipped milk to the door for 8 cents. Before November 1st it was 7 cents. Store-keepers sell dipped milk at 6 cents; some stores sell at 5 cents. Generally, all kinds of milk were advanced November 1st, by dealer to consumer. "The advance was not contemplated." We all understood the desirability and necessity of it. "For instance, I couldn't advance my prices unless Borden did; if he served five families in a house and I served five, and I put my price up and he stayed still, I would lose my customers." All dealers hoped that the price would go up, but no one suggested any method of putting it up, nor was there any agreement to put it up. Whenever we discussed it we talked about the inability of dealers to carry on the business unless the price was advanced. There was no discussion about getting together, or about advancing the price at the same time, and they did not all advance at the same time. In some instances they were several days apart. There are so many dealers that no one could tell whether they would all go up in price. If they all put it up at the same time, it would be all right.

Q. And discussing it was a method of bringing this about, was it not? A. No. We only discussed the necessity of getting more for milk if we were to stay in business. I couldn't put my price up unless Bordens did.

There was necessity for concerted action if the price was to go up. Before I raised it I told no member of the Exchange that I was going to raise the price to 9 cents. As soon as my drivers brought word that Bordens had advanced the price I got out my notices.

EXHIBIT 10.

SCHEDULE OF PRICES PAID TO FARMERS FOR MILK DURING THE YEARS 1907, 1908, 1909.

	1907.		1908.		1909.	
	100 lbs.	Qt.	100 lbs.	Qt.	100 lbs.	Qt.
January	1.67	.0367	1.82	.03931	1.76	.041
February	1.53	.03277	1.74	.03647	1.73	.03748
March	1.41	.03035	1.60	.03426	1.54	.03652
April	1.39	.03033	1.37	.02871	1.33	.03095
May	1.17	.02645	1.09	.02366	1.08	.02575
June	.99	.02248	.92	.01991	.90	.02144
July	1.10	.0242	1.05	.02241	1.09	.02697
August	1.28	.02906	1.22	.02741	1.25	.03143
September ...	1.42	.0317	1.34	.02900	1.43	.03557
October	1.72	.03890	1.60	.03678	1.70	.04148
November ...	1.82	.03931	1.72	.03848	1.84	.04301
December ...	1.82	.03931	1.77	.03970	1.91	.04547

The foregoing prices are the absolute net money paid to the farmer and do not include any other expenses, such as cans furnished to the farmer, can washing or any other expense whatsoever in the matter.

The exchange does not try to promote uniformity in the price of milk paid by the members of the exchange to producers nor to sellers, nor to consumers either. The duties of the legislative committee were to look after legislation affecting milkmen. Some small portion of the expense of the committee's work at Albany may have been paid by parties outside the exchange. In matters of general interest, milkmen in general frequently contributed. The reason why I may have requested a special meeting of the board of directors of the exchange was "because of the changed conditions in the trade." The purpose of the meetings of the board was to obtain an accurate expression of the valuation, an accurate judgment as to the value at that time of milk, and they had to keep holding meetings if they expected to measure it correctly, and the reason the directors undertook it was that the market might be accurately gauged, that it might be before the buyers and sellers, an accurate gauge of the value of milk in

this market under the conditions existing. In making the contracts with the farmers they frequently stipulate "that they want the value expressed by the Exchange."

Q. Could you tell me what proportion of your agreements with farmers contained that stipulation? A. Well, you know that is only for the milk they brought me. They weren't obliged to bring me their milk the second day. If when I send up my prices at any time they were not satisfactory, they are at liberty to quit right the next day and they would quit, too, if they were not satisfactory.

We make no contracts, and I can't tell what percentage of milk is bought upon exchange prices. We have simply an understanding from day to day. We probably bought none at exactly exchange prices; but all about that valuation. In making contracts we take everything into account: Borden's, exchange prices, manufacturing price and everything else that affects the price. I don't think there is any price and sales committee as provided in the by-laws. There may be such a committee mentioned in the by-laws and minutes and I think it is a mistake to designate a committee by that name. The minute book is the only record we have, and if an amendment to the by-laws is not there, I do not know where to find it. It is not necessary for the board to act upon an application to become a member. I never was secretary of the exchange, and I do not know that minutes were kept prior to January, 1906, but I presume they were; but I don't know anything about it. I am under the impression that Mr. Walker was secretary prior to Mr. Laemmle. The dues are paid to Mr. Laemmle. The dues are $2 per year. I became a stockholder at the incorporation of the exchange. The by-laws call for appointing certain committees and they are appointed. They are sometimes appointed and may not do anything. I do not know what I called on Mr. Alexander Campbell for a few weeks ago, except about the buying or selling milk. We had nothing to say about the testimony to be given at the trial. Mr. Campbell did not say anything about that "He would tell the truth at this inquiry." I have bought milk from him on many occasions by telephone. I have heard of the Milk Dealers Pro-

tective Association. They gather cans for me. I think I paid them about seventy-five dollars last year. I pay on the basis of cans collected. I don't know whether the association is a corporation or not. I never attended a meeting. I may have attended meetings once a year for the past eight or ten years. I have heard of Mr. Bleffort, who works for the Milk Dealers Protective Association. He was a can collecter. I think Mr. Weatherhon is the secretary. I never heard that it was part of the object of the Milk Dealers Association to harass those selling milk below the market. I did try to buy the business of a dealer who was selling below the market.

Q. Now, Mr. Beakes, did you yourself in any way ever try to influence anybody not to deliver milk to a dealer who was selling below the market? A. On one occasion I may have told a certain party that a certain man was cutting the market, and not to give him any more milk that he felt he ought to.

I asked the Phoenix Cheese Company to do this. Miller & Co. was the party that I directed the attention of the Phoenix Cheese Company to. I learned that they were buying milk from the Phoenix Cheese Company. I talked the matter over with Mr. Carpenter, and told him what they were doing to us. I told him they were cutting our trade, and "if he did not feel obligated to give them a whole lot of milk, it would be a benefit to me." I had only one conversation with them. I may have spoken to the International Milk Company, telling them that the Miller Brothers were taking away the trade. I don't know to whom else I may have spoken, or who may have spoken to him about it. I did not offer Mr. Carpenter anything if he would cancel the contract with the Miller Brothers. Miller is not a member of the Consolidated Milk Exchange, and I heard that Miller said that he could get $1,500 if the contract was broken. I never had any conversation with Mr. Campbell as to what testimony was to be given at this trial. My points of shipments are from Orange, Delaware and Dutchess counties. I ship by boat from Newburgh, and so does E. D. Pierson. The freight rate by rail from that point is twenty-six cents. We pay thirty-two cents by boat and they pay the back charges. There is no rebate from the boat. The back charges cover the cost of hauling from

the country to the steamboat. The payments to the Milk Dealers Protective Association were usually made over the counter; sometimes in checks. I haven't got the receipts. My impression is that assessments are made whenever the association requires money. These assessments are for the collection of cans. I am not a member of the association. I have attended dinners given by it, and acted as chairman. I have 22 creameries or stations, and at five of them I buy on exchange prices, and five on Borden's. "The others I just send them word what I will pay them until further notice." About February 1st I reduced the price from nine to eight cents to a small extent, but did not advertise it, sooner than lose our customers. At one creamery I buy on the butter fat test, that is the Babcock test. About November 9th or 10th, I talked on the 'phone with Mr. James C. Ryder of Greenpoint, about an advance in price to nine cents. "I think I asked him if they had gone up to nine cents." He said they hadn't. He said: "I went up two years ago and the fellows roasted me, and now I am going to get even. I am going to get them back." I dropped it there, and did not urge him to advance the price. I talked with Mr. Wierck many times, but don't recall what about. Mr. Wierck never told me he was going to try to get the dealers in Williamsburgh to advance the price. I never had any conversation with Henry Martin of the Tioga Dairy Company "in reference to a meeting held over in Jersey City between myself, Rogers, president of Borden's, and Horton, president of the Sheffield." I never had a meeting with any of these men to talk over the advance in price. I casually, as I met different milkmen, talked over the advisability or the necessity of raising the price of milk; and all these conversations took place long before November first.

Q. Do the members of the Consolidated bid against each other for milk in the country? A. Oh, yes.

And I can illustrate it in this way: At one of my places Mr. Slaughter buys, he has a place near and Mr. Jordan has a place near. They are bidding for my goods all the time and I for theirs. Dairies go in and out. Sometimes they have them and sometimes I have them; and in the city "they are selling all through one another's" routes, and there is no agreement not to

invade each other's territory either in the country or in the city. They try to get each other's business away from them, and this applies to all members of the exchange. Various devices are resorted to to get customers away from each other. There is a general competition, not only among members of the trade but between all dealers in the milk business, and there is not and never has been an effort to partition out various territories to different dealers. The difference in the railroad and boat rates from Newburgh is represented in cartage, trolley charges, to the boat, which is twelve to fifteen miles.

WILLIAM H. BENNETT:

I reside at Goshen and have been a farmer all my life. In 1860, I was in business as a milk dealer, exclusive of milk producing. I was in Brooklyn at that time. My farm is about sixty miles from New York. I am a member of the Consolidated Milk Exchange and have five shares of stock. I never was in the old exchange. I have never been an officer or director of the Milk Exchange. I attended the first meeting of the stockholders of the Milk Exchange. I sell my milk at the present time to the Howells Condensed Milk Co., located about a mile from me, and sell on the Milk Exchange price and have sold on the Milk Exchange price for about eight or ten years. I make my agreement in the spring. It is a verbal one. Some of my neighbors sell at the exchange price, others take Borden's price. Howell always gave me choice between exchange and Borden's price until last year. The exchange price is printed in the country papers. They average about the same. During 1909, I averaged about ten cans a day. We keep about 50 cows but they are not all milkers. In the winter time it costs me a little over one and one-quarter cents to produce a quart of milk, that is, for feed alone; that does not include any other expense. It costs all of three and one-fifth to three and two-fifths cents to produce a quart of milk or even more than that. I think in order to make a decent living and to make a reasonable profit, we should get three cents for four months, four cents for four months and five cents for four months; that is, three cents for May, June, July and August; four cents for March, April, September and October;

and five cents for November, December, January and February. I think the Milk Exchange as it is at present operated, is beneficial to the producer, because in a great many months we have had a quarter of a cent extra, and some months a half a cent extra, once in a while a month, that we wouldn't have got otherwise if we hadn't had a director for to help us out because many a time that I know of I heard from my director home that one vote had carried it; that is the reason that I think that we have gained by the Milk Exchange. I don't know how many farmers are directors of the Milk Exchange. Henry Young is a director. I saw a separator running in Howell's, but I don't know why they were using it. I don't think there is a flush of milk at the present time in my locality, and I know nothing about milk or cream being kept for any length of time.

DAVID BLEIER:

I reside at 1361 Madison avenue. We are bakers and milk dealers; have been in business about thirty years under a partnership, Hirschman & Bleier. The other partner is my sister, Mrs. Hirschman. I have two stations located at Roxbury, Delaware county, and one at Halcottville, Delaware county. Our main office is at 518 East Seventy-second street. We have a branch store at Lexington avenue and Eightieth street; one at Eighty-eighth street near Park avenue; one at Broadway and One Hundredth street; one at Columbus avenue and Eighty-second street; one at Park avenue and Sixty-second street; one at Avenue C near Fifth street. We have another branch for summer business in Far Rockaway. I think I was a member of the Milk Exchange Limited. I am a stockholder in the Consolidated, and own five shares. I have never been an officer or director. I do not own stock in Borden's, Sheffield, or the Mutual Company, and was never an officer or director. I have never attended meetings of the Consolidated. I have been in the room attending meetings of the Mutual Aid Society. We talked over nothing but fire insurance. I also attended meetings of the Dairymen's Manufacturing Company, held at 6 Harrison street. I am a stockholder. I have never been an officer or director. I think I attended one meeting of the Consolidated in Jersey City, at which officers were elected. That

was six or seven years ago. The Consolidated does not deal in milk. I don't know as it does much of anything. It fixes the value to the farmer, in a way. They simply give their idea of the value of the milk to the farmer. We use that value as a guide in our business. We use it as a basis. We buy our milk on the cream test, and we buy milk below the Milk Exchange, at the Milk Exchange price, and above the Milk Exchange, or according to the amount of cream there is in it. I find out this value from the Milk Reporter. I do not make my contract with the producer for any specified time. We don't make any agreement particularly; we gauge it according to the amount of cream. We test the milk and pay accordingly. A man generally comes to the manager and tells him he wants to sell his milk, and the manager tells him to bring it on; he brings it every day, and then at the end of the month he gets paid according to the prevailing price. There is one fact I want to tell you. We have a creamery company which is a company by itself. The creamery company consists of Hirschman, Bleier and Kaetor at Roxbury. At some times the partnership at Roxbury sells to others besides Hirschman & Bleier. Kaetor is dead, and his son-in-law, Ralph V. Ives, conducts his part of the business for him. I am acquainted with quite a number of the members of the Consolidated. I do not know whether there is a custom among them to raise the price. I never discussed that with any of the members of the exchange. I can't state offhand the average monthly prices that I paid to the producers for milk during the years 1907, 1908 and 1909. On an average, we sell about one hundred and sixty cases of twelve bottles each per day. I sell about thirty cans of forty quarts each of fluid milk per day. I raised the price from eight to nine cents about the fifth or sixth of November. My canned milk is almost a wholesale trade. My margin is twenty-eight cents above cost on canned milk. That is a margin on what the milk cost me to Weehawken. I had no conference with any one previous to November 1st in reference to advancing the price of milk. The necessity influenced me to advance the price of milk at the time I did, the increase in the cost of milk and other incidental expenses which are connected with our business. We had to do it in order to get a fair margin of profit. I was also influenced by the fact that other concerns did it

also. I never knew of the raise in price until one of my drivers informed me of Borden's raise on the 1st. Gorman never came to me in reference to the campaign of education. Along in 1906 and 1907 I raised the price a cent a quart, from 8 to 9 cents, and afterwards reduced it to 8 cents. I also advanced the price of bottled milk; we did it because the others did it, Borden and Sheffield. Borden's, Sheffield, or the Mutual Company have no interest whatever in my business. I received twelve or fifteen postal cards from the Milk Exchange, showing the exchange price or value. I paid no attention to them. If you are looking for a trust, I want to tell you there is no such thing, or if you think the Milk Exchange regulates the price to the consumer, you are entirely wrong. There is no such thing. And if you want to know what the milkman ought to really get for his milk, they are not getting any too much at nine cents a quart. The dearest price in the year is through the winter, and we need that nine cents and need it badly. In the summer time when milk is cheaper, my business is cut in half. The people go away, but my expenses remain with me entirely. Everything in our business costs us a great deal more than it did before. We pay 75 per cent. more for horses, 50 per cent. more for wagons, and twice as much for oats and hay. Our help costs us more money.

Statement received in evidence, marked Exhibit No. 11, showing average price that Mr. Bleier paid for milk during each month of the years 1907, 1908 and 1909.

(The last month is estimated.)

ALEXANDER CAMPBELL:

I reside in Brooklyn and am engaged in the production of milk. I am also president of the Alexander Campbell Milk Company, a New York State corporation, organized in 1890; first, as the New York Dairy Company in 1878. Capital stock of $500,000, of which I own over $200,000. The officers are, Alexander C. Campbell, treasurer; William F. Campbell, vice-president; and myself, president. Both are sons of mine. The members of the board are Alexander Campbell, John Bingham, Erik Logorquist, William F. Campbell and Alexander C. Campbell, all residing in Brooklyn, except John Bingham, who resides

in New Jersey. The capital stock was originally $250,000. Stock was issued for property, such as creameries in the countries, horses, wagons and machinery. I don't know as there was any good will originally. When the company was organized it was composed of gentlemen "whose object at the time, and whose object has been carried out since, was to improve the condition of the milk. Among those who were — a number of very prominent men were among those at the time, such men as Drexler, Morgan, Drexler & Company, Cornelius R. Wagner." They were simply stockholders. I think the New York Dairy Company's capitalization was $50,000. The business was divided between New York and Brooklyn, and I think the capital stock was between thirty and forty thousand dollars. When the Alexander Campbell Milk Company was organized in 1890, money was paid in by degrees until the entire amount of $250,000 — some cash and some property, as required by the business — was turned in. I have been in the milk business forty-five years in the city of New York and Brooklyn. When the capital stock was increased to $500,000, stock was sold absolutely for money and nothing else,— $250,000. None sold for less than $90. We have a branch office in Brooklyn, one in Richmond Hill and one at Hempstead, Long Island. We have creameries in the country in Monroe, Oxford and Orange counties, place called Boonville on the Central road. Our Jersey place is in Hackettstown, and Pennsylvania, Stirrucks, and we have just taken another at a place near Como, Pennsylvania, and another in New York near Binghamton. At these stations we receive milk from the stations, the milk is transferred to our Brooklyn place and from there we ship it to the consumer. Practically all our milk is sold in the city of Brooklyn in bottles. Nearly all the milk we buy of the farmer is delivered at our station. We always pay the freight. What we pay the producer appears on our books. I am not an officer, director or stockholder of any corporation dealing in milk. I own a few shares which entitled me to membership in the Consolidated Milk Exchange. The dues are paid by the company. I never attend the stockholders' or directors' meetings of the Exchange. I never was an officer of it nor was I ever an officer or director of the Milk Exchange, Limited. I have been at the

Milk Exchange, 6 Harrison street, in the last ten years. "I can probably explain this to the satisfaction of the court by saying that this Consolidated Exchange is what I call a lengthened shadow of an old committee that existed about thirty-five years ago, of which I was a member. That committee undertook through the necessities of conditions to meet the farmers and try and arrive at the values of milk from season to season. They were not an organization; they were just a few of the dealers who found that the necessities of the condition of things absolutely required something of that kind, and an effort was made by this committee, at times with the farmers and striving to arrive at what could be paid, what would be considered a fair price for milk. . . . All the circumstances, supply and demand, etc. were taken into account." I regard the Consolidated Exchange as a continuation of that same body, "until it has become a sort of a custom to meet, I suppose; that is, the way of arriving at the value of goods, I suppose, and in some way, making it known. I do not recall them now. They are mostly dead. My impression is that Johnny McBride, president of the Exchange, was one of that committee. This committee of dealers simply met and talked the matter over and tried to arrive at the fair value of milk — all things being taken into account. I don't know if they had any other way of communicating their views to the public. A farmer being a member of the committee might communicate it to the people in the country. The members were in no way controlled by the prices fixed by that committee. The trouble with the Consolidated Exchange, it does not differentiate in the quality of milk. I don't think they fix the price. I don't think they can and I never knew them to be able to successfully fix any price for milk." The price fixed by the committee would not be controlling, even as to themselves. I think that my company has not one contract which calls for a higher price than that established contract which calls for a higher price than that established by the Exchange. The committee and others have to go out and do the best they can with the farmer.

Q. What is your idea of what percentage of the milk available for use in the city of New York is controlled amongst the members and dealers of the Consolidated Milk Exchange. A. None

of it; absolutely no man has a control over it. Any man can go behind me or my customers, my creameries and buy the cream any day he chooses if he pays more money.

I have been at the rooms of the Consolidated Exchange not a dozen times in twenty years. I went there to sell out a business and get all I could for it. I have seen copies of the "Milk Reporter," and I believe the values placed by the Exchange are quoted there, and it assists me to a degree in purchasing milk, because "it gives me an idea as to values," and I simply go out among the farmers and present these figures and other figures — Borden's and others — and make the best prices I can. The only time I used the price established by the Milk Exchange was, "when it came near the value of goods as shown what they were worth in other lines of business (butter and cheese)." I don't think any committee or a dozen committees can change the value of the price of milk not a hair's breadth, not a hair's breadth." All the dealers combined cannot control the farmers. They can churn it — the dealers can't, it doesn't pay. The $500,000 of our capital stock is not all sold — one-half of it is 7 per cent. preferred stock — not all issued. We paid 7 per cent. on at least $150,000 of our preferred stock, I think for ten years. We paid 8 per cent. on the common stock, except in bad years. There was one year that we didn't pay 8 per cent. on the common. We never paid more. We probably sell 1,000,000 quarts in a month. I cannot tell you the profit on a quart. Take one-fourth of a cent off and it would bankrupt the company; give us one-fourth of a cent and we can pay the legitimate cost on the investment, the legitimate interest. I was not an incorporator of the Consolidated Milk Exchange, but came in afterward. I may have said to a dozen people that the Consolidated Milk Exchange really had no mission here, simply because they didn't grade the goods, but I never said it was practically a continuation of the Milk Exchange, Limited. I had a conversation with Mr. Gorman and others. I didn't waste any time with him. I have no stock in the Sheffield or Borden companies. No one notifies me what prices are arrived at by the Exchange. I don't know what the methods were of communicating what the Exchange does. I never received a notice from the Exchange, except of annual

meetings. I think the Milk Exchange, Limited, had some way of notifying its members. I think we get the "Milk Reporter"—someone in our office may see the Exchange prices in the "Milk Reporter." We make contracts for a definite period of time—sometimes above and sometimes below, and we try to keep as low as possible—same as other people do, I suppose. We raised the price from eight cents to nine cents about the ninth day. I think I knew just as much about it as if I had discussed it with all the Milk Exchange members. It was a natural subject to bring up with any milkmen because of the great necessity—the expense of delivery under the existing conditions that made it absolutely necessary to put up the price of milk. I don't know about the discussion being general in the trade. I don't remember who I may have talked it over with, except I may have talked it over with the manager of the Empire State in Brooklyn. I think his name was Needner. About all he said was that if we had to pay our bills as we were in the habit of paying we would have to get more for the goods. It was said that the necessity warranted it, but no agreement was made to advance it, and they advanced it a week or two before we did. I never agreed with any one to advance the price. "I have advanced the price of milk when all others were down, and I think I am able to do it to-day with the class of trade that we serve and the quality of goods that we put out. That is the only thing we rely on, and if I had to sell milk for less than nine cents to-day you could buy my stock very low." I talked about milk with Mr. Henry Beakes. I wanted to sell more milk and he wanted to buy it, and I succeeded in selling him some. We were paying ½ cent a quart above the Exchange price. In September, this contract I show you, calls for $1.60 per forty-quart can and we paid the freight in addition to that—October, $1.70. I don't think it was above the average quality. We were under contract and had to pay it. We sold this milk at less than contract prices. In reference to price, after talking over the conditions, I told him that we would have to have more money for our goods.

Q. You said to him it would be advisable to advance the price of milk? A. I may have said that. I am not sure. I don't know what exact language; it was in the air; it was in our conversation

that we would have to get more money. He said he could not stay in business unless he did. We came to no agreement about price. This was in October, 1909, about two weeks before the first. I think we notified our customers about November 9th of the advance in price. I may have said that I didn't think the exchange was doing any good in the milk business. I didn't say that the Consolidated was doing substantially the same as the Exchange, Limited, because I didn't know anything about the Limited. The newspapers know nothing about the milk business. They say in one column that we are charging too much — and in another " that the babies of the city are dying from uncured milk." If they would study the matter, the papers could do the community good. If the papers would investigate, they could do the community a lot of good. Milk is being sold today at a loss. Milk is brought in here from 400 miles in a bottle and they distribute it, put it on a wagon, and that wagon has to go from two o'clock in the morning to twelve o'clock to distribute the milk over sixteen miles of route, and he distributes on an average 170 quarts per day per man and wagon, and no dealers from the first day of December until the first day of April can pay their expenses out of the business, but the summer months they make profits to overbalance the loss in winter. In the month of June milk is two and one-half cents or three cents a quart, and we are obliged to take from the farmers all they produce. There is a flush of milk in summer just when we don't want all of it. It is difficult to get the farmer to produce it in the winter when we want it. The good trade leaves the city in summer when there is plenty of milk; thus there is a flush or surplus of milk, and the consequence is the price of butter drops down. I have seen butter at eighteen cents a pound when milk was two cents. It takes ten quarts to make a pound of butter. The first cost in the country is twenty cents, and after you have paid all the expense of getting it to the city and manufacturing it, you get eighteen cents for what originally cost you twenty cents. You have to take the producer's entire outfit in order to have enough to supply the demand during the cold weather. We paid 8 per cent. on our common and 7 per cent. on our preferred, but at the same time we went to the bank and borrowed $40,000 to carry on our business. I may have had some talk with Mr. Gorman — if

I said anything to him it was if we advertise, the company would do it over its own name. I don't think he said that it was to be a campaign to educate the people to higher prices, but a campaign of education "as to the quality of milk and the necessity of the article in the household." Such a campaign of education would increase the demand, thus the dealer would be interested in it. I think this campaign of education was merely a matter to get some commission for Mr. Gorman. I don't believe in advertising in conjunction with others. I don't think Mr. Gorman said anything about the amount. Mr. Gorman said nothing to me about raising the price of milk. He talked about ultimately increasing the demand for milk. The public does not appreciate the value of milk "if there is one article in this world that goes on the table that they don't give any attention to it is milk." They don't question the price of any other goods. In the milk business there inquiry always is, "What are you charging?" Quality has nothing to do with their consideration. I am amazed that the mothers of the city do not take that into consideration, and the consequence is that the man who sells a good quality has to compete with a man who sells something that is absolutely unfit to use. The Board of Health has done much to improve the quality of milk and it has increased the expense to the dealer. Some milk is dangerous. I purchase the best milk I can get, and I did it when I started with one wagon and did the work myself, and we are running 150 wagons today and are selling the best milk that is produced — so are some others, and the small man can't compete with conditions that are existing today. He has to get it wherever he can. He doesn't know where it comes from. It requires large capital. The milk business is improving very much. The milk is skimmed before it is shipped to the city in some cases. Milk is one of the first articles that the public economize on. The reason why the small dealer has got to go is because he doesn't possess facilities for taking care of the goods. Years ago, there was no municipal or State control. The producer shipped direct to individuals — a man with a horse and wagon. All kinds of milk was shipped to the city and delivered in all kinds of ways, and the farmer took his chances in getting his money. Conditions are changed. The first creamery for bottled milk in this country was built by the Alex.

Campbell Milk Co., and the first glass bottle used for milk was put out by myself, and the glass bottles are used in every civilized country today. The large dealers assure the farmers a safe market for the product. I don't believe there was a dealer in New York who knew what the other was going to do about the advance in the price on November first, except Borden. Something had to be done to meet actual conditions and if you "stop milk for forty-eight hours, there would be a revolution." I don't know what others understood, but Borden's price had nothing to do with mine. I advance the price when I have to and I believe that intelligent thinking people are going to pay for a safe article. I think the delivery expense is 2 or 3 cents a quart. (This statement corrected later to read: "including everything and its distribution, 4 3-8 cents in cool weather and in hot weather 5 cents per quart." Itemized statement:

	CENTS.
Handling in the country creamery	.375
Freight to Jersey City	.75
Truckage to city creamery	.375
Bottling and pasteurizing	.25
(I don't think that is quite enough for that item. Maybe a little too much on the others.)	
Bottles and caps	.25
Ice during entire handling	.375
Delivery to trade	2.00
	4.375

I wouldn't take all the wholesale trade in New York if you gave it to me. Freight charges and handling it in the creamery, carting it from the terminals to distributing points, are included in the three cent delivery charges. Milk was 12 cents during the Civil War, finally went down to ten cents and has stood at eight cents for a number of years. All things considered, it will cost six cents before you put the milk on the wagon at the distributing station for delivery to the consumer, and one wagon can deliver on an average 175 quarts retail. The more milk you serve the less it costs to handle it in the retail delivery. I believe in a big

company handling it then you get milk "that is safe to be sold; you will not put it in irresponsible hands and you will get it for less money." My milk is practically all bottle milk. We bought the business of the Monroe Dairy Co. I think they owned one share in the Consolidated Exchange and we got it. It may be that my company owns fifteen shares of stock in the exchange. I cannot say that the clipping from the newspaper which you show me is a direct account of the earnings of my company.

(Pages 450 to 458 covered by M. Scudder, accountant, financial report.)

All the Milk Exchange members would be unable to dictate prices in the country. We pay both above and below exchange prices. I would describe the exchange as a body of men who were called upon to appraise milk same as a body of real estate men are called on to appraise real estate. They are a body of men who understand conditions — both conditions, both the producer and dealer — better than any other body of men. I am sure that they only come to an understanding after going over the situation what milk is worth. When we go up to the country and offer a price for milk, the farmers generally tell the agent, "We would rather wait until we see what figures are put out by some of the other companies." I do not think the exchange ought to exist because I believe the price ought to vary as the quality of milk varies. The butter fat basis is the only basis on which to buy milk. The fixing of one price virtually puts a premium on a poor grade. Butter fat is the only test of value but in feeding children the first thing is to have the milk fresh. "The whole thing is settled before the Exchange ever reaches it or gets there." The meetings of the members of the Exchange and the fixing of the price of milk, gives the farmer an idea of what it is worth and in the vicinity of what he may expect to get for that grade of milk — namely, the ordinary run of milk. I think I bring in about 1,000 cans a day, and I deliver about 30,000 quarts of bottle milk a day. The rest is made into cream. I think I sell about 1,000,000 bottles a month. The price made by the Exchange might be regarded as an official price for certain kinds of milk. If milk had not been too low, an advance of one cent per quart would be too much of an advance. "We would be making too much

money." We would make our dividends in three months; if it goes wrong, we can lose that much money in three months. We sold milk during the first six months of 1909 and made $49,000. I never talked with anyone about what testimony was to be given by me at the examination. I believe that the average milk wagon delivers less than 200 bottles per day in New York. The reason why some wagons deliver more than others is because the customers are more compact. Where a large dealer can deliver 400 bottles per horse and wagon the profits are greater. The $49,000 that I made in the first six months is not a criterion as to the net result at the end of the year. You might lose it all in the next six months. To show the difference in price and returns between the first and second half of the year, I submit the following: Beginning after June, July shows a profit, $8,553.53; August, $4,300.81; September, $546.87, while October shows a loss of $10,169.87. I came to the conclusion that if our people wanted the goods that we were selling they would have to pay nine cents a quart. If the eight-cent had remained, there would have been a deficiency of more than $3,400 in November. This with the shortage of October would have wiped out the profits of the three preceding months. I had some conversation with Mr. Beakes about purchasing milk, but none about the testimony to be given. I might have talked about the price of milk, but never about an agreement to advance it, and may have talked about the desirability or even the necessity of advancing it. I don't think I said that I felt determined to advance the price — I may have said that I felt the necessity of it. I have collected a few figures showing the comparative cost and worth of milk and other articles of diet:

1 lb. of Steak, costing	$.22
or 7 Eggs, costing	.30
or 3 lbs. Blue Fish, costing	.60
or 3 lbs Oysters, costing	1.29
is equal in food value to:	
1 qt. of Milk, costing	.09

This table shows, what I believe is fully admitted, that milk is our cheapest food. When the expense attending its production,

handling and delivery are taken into account, it is manifestly selling below its intrinsic worth. And its price must be increased, for it is subject to the same economic laws that govern all the other necessaries of life.

The following statement will illustrate how every requisite for milk supply has advanced in price within the last eight years:

	1901	1909	Percentage of advance in 8 years omitting fractions
Truck horses, average cost....	$275 00	$375 00	36
Delivery Horses, average cost.	175 00	262 00	50
Drivers' wages	12 00	17 00	41
Inspectors' wages	15 00	19 00	27
Truck drivers	12 00	16 00	33
Harness, per set.....	35 00	45 00	29
Oats, per bushel.....	41⅞	60	45
Research work	.....	2,000 00	..
Bottle caps, per 1,000.....	.13 to .14	.23 to .50	77 to 255

If the inquiry is carried still backward, we find the advance in price much greater. Fifteen years ago, oats, the chief feed for horses was selling at thirty-three cents per bushel. Last year they reached seventy. Twenty years ago the feed used in the production of milk was offered at $12.00 to $14.00 per ton. Today the same feed commands from $27.00 to $35.00 per ton.

There are men in the milk business that bring neither knowledge, ability or capital to it. They get milk at a low price — for quality is not in the contract — and this so-called milk is vended in the localities where cheapness is the deciding feature and cleanliness and purity are unmeaning terms. Should this class of dealers be obliged to compete with men who bring their experience and expend their money not only for the purpose of making a financial success but also for the satisfaction of knowing that they have contributed to the health of the community whom they serve?

LUTHER L. CAMPBELL:

I reside at 2288 Broadway. I am at present in the milk business, and have been for nineteen years, incorporated under the name of the Clover Farms Company; in-

corporated under New York laws. I am president of the company. John A. Weissenfuh is secretary and treasurer of the company. J. P. Smith is a director. He lives at 2290 Broadway. I own two-thirds of the capital stock, incorporated at $51,000. The stockholders are Weissenfuhm, J. P. Smith, Emile Guermonpez, and Mrs. L. L. Campbell. We have not paid any dividends in the past three or four years. We pay about $132 per week in salaries. We have three stations in the country; one is Slate Hill; one at Shekomeks, N. Y., and another at Staatsburg. Our main office in the city is at 534 West 48th street. We have a branch office at 618 (East or West) 131st street. I have several stores; one at 2288 Broadway; one at 268 Columbus avenue; one at 85th street and Columbus avenue; one at 912 Park avenue; one at 827 6th avenue; at 1015 6th avenue; 152 East 86th street; 100th street and Broadway; 138th street and Broadway; 145th street and Broadway; 179th street and Broadway; 182d street and St. Nicholas avenue. I also sell in these stores butter, eggs and jellies, and things like that. I only sell in New York state. I am a member of the Consolidated Milk Exchange, owning two shares of stock. I have never been an officer or director. I never attended any meeting of the stockholders or directors of the consolidated. All the reason I bought stock in the Consolidated Milk Exchange was to keep in touch with the trade. I can't say as I have derived any benefit. I would be informed of the value arrived at by the consolidated through the Milk Reporter, and a postal from the Milk Reporter. It has never been of any particular value to me, unless I had more milk than I could use and would try to sell it. I would have something to base my figure upon. I have had both written and oral contracts with the farmers from whom I purchased milk. Our oral contract with the farmers was simply a statement that we were going to pay such and such a price and if they were willing to accept it we would take the milk. The prices that we paid were the regular prices that we got from the Milk Reporter. We would not pay that price, but we based our price on that. Sometimes above and sometimes below. The milk I buy now is based on Borden's prices. I think Borden's price is more generally used than the exchange price, at present. It is as far

as I am concerned. The prices that I am putting out now at the creameries is according to the quality of the milk in the first place, using Borden's price as a basis. We pay above Borden's prices for a good deal of our milk, but the exchange at the present time is not entering into it. I never heard that the board of directors of the consolidated in any way fixed the price of milk to the consumer. I raised the price of bottled milk from eight to nine cents a quart on or about November 1, 1909. I do not sell dipped milk. I am serving Dennett's restaurant at wholesale. The general conditions caused me to raise the price. I knew that we would lose money at eight cents; that is the principal reason. Bordens sent out a notice about the twenty-eighth or twenty-ninth of October to the effect that on the first day of November the price of bottled milk would be raised. That is one reason why I did it. I have discussed the desirability of raising the price of milk, not only with my own firm, but with other people. I can't recollect with whom I talked. I did not enter into an agreement with any person whether written or oral to raise the price. I do not remember about the campaign to educate the public into paying higher prices; although it seems to me now that I heard something talked about getting the dealers' side of the story printed in the papers. The milk business has been trampled on by a lot of things. Now we have been persecuted from all hands. They had the people so frightened that they did not dare to use milk. It was to eliminate from their mind that they were using something that was not fit to use, all the tuberculosis scare, et cetera. People were afraid to drink milk. If my memory serves me right it was not to raise the price. I am a stockholder in the Dairymen's Manufacturing Company. I bring between 450 and 500 cans containing forty quarts each to the city every day. I do not belong to the Milkmen's Protective Association.

A statement received in evidence, marked exhibit 4-a, showing the prices paid for milk per quart during the various months covering the period 1908 to 1909:

Dec.,	1907.....	.04	Jan.,	1908.....	.04
	.....	.04 1/4		.....	.04 1/4
	.....	.04 1/2		.....	.04 1/2

Jan.,	1908.....	.03 1/2	Sept.,	1908.....	.08 1/2
March,	1908. ...	.03 33/40	Oct.,	1908.....	.03612
	.....	.03 1/2		.....	.04112
	.....	.04 3/40		.....	.03 3/4
	.....	.03 1/4		.....	.08 1/2
	.....	.08 1/2	Nov.,	1908.....	.040385
April,	1908.....	.03 2/5		.....	.03 3/4
	.....	.03		.....	.04
	.....	.03 1/4		.....	.045385
	.....	.03 13/20		.....	.03 3/4
	.....	.03		.....	.04
	.....	.02 3/4		.....	.08 1/2
	.....	.08 1/2	Dec.,	1908.....	.040385
May,	1908.....	.027625		.....	.04
	.....	.030125		.....	.045385
	.....	.02 3/4		.....	.04
	.....	.02 1/2		.....	.08 1/2
	.....	.02 1/4	Jan.,	1909.....	.040385
	.....	.08 1/2		.....	.045385
June,	1908.....	.022125		.....	.04
	.....	.02		.....	.03 3/4
	.....	.08 1/2		.....	.03 1/2
July,	1908.....	.0265	Feb.,	1909.....	.040385
	.....	.02 1/2		.....	.0450385
	.....	.029		.....	.03 3/4
	.....	.02 1/4		.....	.03 1/2
	.....	.08 1/2		.....	.03 1/4
Aug.,	1908.....	.0287		.....	.08 1/2
	.....	.03	March,	1909.....	.036125
	.....	.0312		.....	.041125
	.....	.02 3/4		.....	.03 1/2
	.....	.08 1/2		.....	.03 1/4
Sept.,	1908.....	.03185		.....	.08 1/2
	.....	.03	April,	1909.....	.031875
	.....	.03 1/4		.....	.036875
	.....	.03685		.....	.03
	.....	.02 3/4		.....	.02 3/4
	.....	.03		.....	.08

May,	1909.....	.02656	Aug.,	1909.....	.08
	.....	.03156	Sept.	1909.....	.030812
	.....	.02 1/2		.....	.035812
	.....	.02 1/4		.....	.03 1/2
	.....	.08		.....	.03 1/4
June,	1909.....	.02106		.....	.08
	.....	.03156	Oct.,	1909.....	.040375
	.....	.02 1/2		.....	.045375
	.....	.02 1/4		.....	.03 1/2
	.....	.08		.....	.08
July,	1909.....	.0255	Nov.,	1909.....	.025
	.....	.0305		.....	.0475
	.....	.02 3/4		.....	.03 3/4
	.....	.02 1/2		.....	.04
	.....	.08		.....	.08
Aug.,	1909.....	.028687	Dec.,	1909.....	.04356
	.....	.033687		.....	.04856
	.....	.03		.....	.03 3/4
	.....	.03 1/4		.....	.04
	.....	.02 3/4		.....	.08

J. G. Walsh collected cans for me. I think I paid him ten or fifteen cents per can. William Schaus also collected. No one came to me and represented himself to be from the Milk Dealers Protective Association. I have never been a member of the Milk Dealers Protective Association. I have never paid any money into the Protective Association. The price, eight and one-half cents per quart, that appears on the statement is what I received for certified milk. That is milk that is indorsed by the County Medical Society, and has to be of a certain standard of butter fat and stand certain bacterological tests. I buy the certified milk from C. W. Knight of Rome, N. Y. In my contract, such as I brought here, at the present time I fill in Borden's prices. Last year it was Borden prices in one creamery and five cents below their price during the month of June at the other one.

MANAGER PHOENIX CHEESE COMPANY.

LINN E. CARPENTER:

I reside at 108 North Nineteenth street, East Orange, N. J. My principal business is manager of the Phœnix Cheese Company. The Phœnix Cheese Company is a corporation engaged in the cheese business. The legal office is at South Edmeston, N. Y. New York office is 345 Greenwich street. Some time, I think in October, I made a contract with the Harlem Dairy Company. I think it was to cover until April 1, 1910. It was a written contract. By that contract I agreed to supply Miller with forty to sixty cans of milk each day, at a price. A Mr. J. Smith came to me to get me to cancel that contract, a customer whom we are now serving with milk. There were two other gentlemen with Smith. They asked me if I was selling milk to the Harlem Dairy Company and I told them that I was. They asked me if there wasn't any way that I could stop supplying them with milk, and I said to them that I couldn't see how in as much as I had a contract with them, and they said, "Why contracts are easily broken." I said, "I didn't make them for that purpose." "Well, they said, we could ship the party sour milk for a few days and he would not want any more milk." I immediately told them I was not in that kind of business. One af the gentlemen said, "Well, I hope I am not misunderstood." That they did not intend to bring anything to me that was wrong; that they knew I was a square man but they wanted a square deal. Of course, I resented the statement when they wanted I should break the contract and they saw the force of their argument was gone, and they tried to make amend for it. I told them that if the gentlemen whom we were selling milk to was selling below a price which was was profitable, I would do anything that was just and reasonable in my power to see if I could prevail upon them to get a reasonable price for his milk, but further than that I could do nothing. I think they stated to me that Miller or the Harlem Dairy Company was selling below the Association price. I never saw these gentlemen, but that time. Smith called upon me several times. Smith told me that he had a telephone conversation with them. He didn't say who, and said that they were prepared to offer me

$1,500 for that contract that I had with the Harlem Dairy Company. I told them I would see the Harlem Dairy Company and I did. They said they would not sell it under any circumstances or any consideration, and I said, "Haven't you got a price on which you would sell it?" They said, "No." They said they might sell their business. I said, "Well, what would you take for your business?" If I remember rightly, they said $6,000. I imparted that information to Mr. Smith. I had a conversation with Mr. Beakes, who was on the stand to-day. I think the first conversation was over the phone. Mr. Beakes called me up and said, "These fellows have asked me to come down and see you in regard to this man Miller. He is doing a lot of mischief up here bothering our boys to beat the band. They say you have got a contract with them but it seemed to pacify them a little if I would come down and see you." I said, "I should enjoy having you come down anyway, if you care to come down." A few days later he called me again; he came down that afternoon and asked me if we were selling milk to the Harlem Dairy Company. I said, "Yes." Handed out the contract and showed it to him — exactly what arrangement we had made with them, and the amount of milk. "Well," he says, "I don't see but what you will have to sell them the milk, Mr. Carpenter." I said, "I don't see any other way, Mr. Beakes." I said, "You understand, do you, that they would take $6,000 for their business." He said, "Do you know, they have nothing to sell." I am a farmer as well as a milk dealer. I have no figures showing the cost of production of a quart of milk throughout the year. I know nothing about a price established by the members of the Milk Dealers Protective Association. I never had but one written contract. My concern sells from one hundred to three hundred cans of milk in a day. I supply different dealers and when I found the condition was such that I had to advance or lower my price, I did so. I think the advancing or lowering of the price was governed by the value set upon it by the Exchange, but I did not attempt to follow implicitly the value which they fixed upon milk. I have sold below and above their price. I dare say, the price established by Borden's would also effect the price at which I sold. I can give you what we paid for milk for the last six months and what we received per

can for it. All are f. o. b. shipping station. And further I wish to state that in these figures there is no expense. This is simply the gross profit which I am showing. Loss of cans, bad debts or any expense of station is not considered in any way. In July we sold milk from our shipping station at $1.10. We paid for that milk $1.10 a hundred. Profit of 16½ cents a can. In August paid $1.20 and sold it for $1.20 a can, or a profit of 23 cents a can. In September we paid $1.40 and sold it in New York for $1.45 or 26 cents per can. For the month of October we paid $1.55 and sold it for $1.75, profit of 6¼ cents a can. For month of November we paid $1.85 and sold it for $1.65, profit of 12¾ cents a can. For month of December paid $1.90 and sold it for $1.75 per can or a gross profit of 13½ cents a can. The first item was the price per hundred pounds. The second figure was the price per forty quart can. The Consolidated Milk Exchange has never made any attempt to prevent me from selling milk to dealers in this city, as I have sort of a surplus product, and they could not compete with me in price. I think the Exchange has its advantages. I think that a body of men getting together from different sections of the country, understanding and expressing their views, as the conditions exist in that section, shows to that body what the supply of milk is. That same body, naturally that is in the business, knows the demand for that milk. They become better acquainted as to the real true condition existing and can fix a price at which they could sell their product. I think that price has some influence. I know that personally if I were going into the city of New York to sell milk I would have no means of getting knowledge as to the supply or the demand that the value that I might place on that product might be way out of reason. I might have paid too high for it in the country and might offer it too low. I think it is very desirable to have some standard of comparison in addition to that established by Borden's. I am not a member of the Milk Exchange. I know what method they adopt in arriving at these values. I have attended one or two meetings of the Exchange by invitation. I think the meetings that I attended were very thoroughly discussed, each man expressing his views as to the condition in this locality, and expressed whether his milk was shrinking or whether he was having a surplus. How

his trade was increasing or falling off, and then I believe a vote was sometimes taken as to different views, what the price should be — what would be the real value of milk.

HENRY S. CHARDAVOYNE:

I reside at 14 First place, Brooklyn. I have been in the milk business about twenty-four years. Am in the business individually. I have stations at McAfee and Woodruff Gap, New Jersey, and Jackson Summit, Pennsylvania. I have a store in this city at 406 Court street, Brooklyn. I sell my milk in New York State solely. I am a stockholder in the Consolidated Milk Exchange. I own five shares. I am not an officer or director. I was inspector of election. I am not an officer, director, or stockholder of Borden, Sheffield or the Mutual companies. I have attended meetings of the stockholders and directors of the Consolidated at 6 Harrison street and in Jersey City. I never heard that they dealt in milk. I don't know the object of the Consolidated. I don't know why I belong to it. I purchased the stock which I own. I don't think the meetings of the board of directors of the Consolidated were entirely useless. They found a value of milk and a number of other things. I pay twenty-five cents a year to get the card from the "Milk Reporter" and probably receive from ten to fifteen cards each year. I never heard of any penalty levied on the members of the Consolidated if they did not live up to the prices established by the board of directors. I do not go by the Exchange prices. I buy it from the farmers as cheap as I can and sell it for all I can. When I purchase milk in the country, farmers demand of me a certain price, the Exchange price, if possible — the farmers called my attention to it. When I give them their option, Exchange or Borden, they all take Exchange. The contract which we have provides for every change fixed by the Exchange, a corresponding change shall take place in the price that we pay the farmer, or if Borden make a price for six months, I pay the same. I never heard that the Consolidated Exchange ever fixed the value or price of milk that should be charged by its members to the consumer. During 1908, we bought at part Borden and part Exchange prices; in 1909, it was Exchange. At one creamery, the price is regulated by

what my neighbors pay. Whatever price he pays the farmer I pay the same. Another creamery buys on the Babcock test, that is the butter fat in the milk. If butter is forty cents a pound, and 100 pounds of milk will test four pounds for the hundred, I pay ten cents more per pound than the butter is selling for, making two dollars per hundred for 4 per cent. butter fat milk. This is at Jackson Summit butter manufacturing station. When I am short of milk down here, I receive some milk from that station. I raised the price November 1st from 8 cents to 9 cents for bottle milk and I sell a couple thousand bottles a day. I sell about fifty cans of milk. Canned milk is sold to the wholesale trade. I advanced canned milk 10 cents a can. I had no discussion with anyone in reference to the necessity of advancing the price of bottle milk at that time except with my own employees. Borden's price influenced me to advance the price on November 1st. One of my men brought in one of their cards on Saturday, saying that they had advanced the price. I followed Borden because he was my largest competitor. I try to get all of his business that I can. Members of the Consolidated Exchange also compete with me. R. S. Stevens Company, Empire State Dairy, McDermott Dairy Company and Diamond, everyone of them, come into my territory and try to undersell me. A driver of the McDermott Dairy Company went in and offered a lady on my route milk for one week free if she would deal with them. The lady came and told me personally. She was a customer of mine. I used to get 8 per cent. dividend on my stock in the Consolidated Milk Exchange. I don't know Gorman. No one approached me in the year 1909 with a proposition to subscribe a certain amount to a campaign of education. I raised my retail price in 1907 from 8 cents to 9 cents and reduced it in the spring. Shortage compelled us to raise in 1907. We could not get milk enough. We charged 9 cents about three months at that time. We have never entered into any agreement written or oral, to raise the price of milk in 1907 or 1909. I am a stockholder in the Dairymen's Manufacturing Company. I am not an officer or director.

Mr. COCHRAN:

I reside at East Orange. I am superintendent of the route department, or city delivery of the Borden's Condensed Milk Company, and have been such since October, 1906. Previous to that I was assistant superintendent, before that as a superintendent of one branch, and before that as inspector, and before that as a driver. Statement showing items that make up the cost of bottled milk as it was sold by my company in the month of December, 1909, received in evidence as follows:

"COST — EASTERN BRANCHES

Month of December, 1909.

Cost per quart for fluid milk used	.0438
Labor, fuel, miscellaneous expense, country and milk freight	.016471
Labor, (city), uniforms, ice, horseshoeing, bottle caps, repairs, accident payments, advertising matter, stationery — city and country, furniture, waste and gifts — city, feed and bedding, repairs to wagons and harness, bottle loss, and horse depreciation	.027991
	.088262"

2.15 pounds of milk make a quart. During the month of June, 1909, I paid $1.05 per hundred pounds. That would be 2.257 per quart.

"Prices paid by Borden's Condensed Milk Company to farmers, 1908 and 1909, as compared with Exchange prices:"

(Prices paid by Exchange obtained from "Milk Reporter.")

	EXCHANGE		BORDEN'S Price	BORDEN'S Plus or Minus Exchange	
	Per qt.	Per cwt.	Per cwt.	Plus.	Minus.
1908					
January	.04000	1.860	2.00	.140	....
February	.03750	1.744	2.00	.256	....
March	.03500	1.628	.80	.172	....
April*	.03124	1.453	1.60	.147	....

1908.	Exchange Per qt.	Exchange Per cwt.	Borden's Price Per cwt.	Borden's Plus or Minus Exchange Plus.	Borden's Plus or Minus Exchange Minus.
May*.....	.02621	1.219	1.30	.081	....
June*.....	.02250	1.046	1.05	.004	....
July	.02500	1.163	1.25	.087	....
August	.03000	1.395	1.35	....	.045
September. . .	.03125	1.453	1.50	.047	....
October . ..	.03750	1.744	1.70	....	.044
November. . .	.03833	1.783	.90	.117	....
December. . .	.04000	1.860	1.90	.040	....
1909					
January. . ..	.03910	1.819	1.90	.081	....
February. . ..	.03634	1.690	1.90	.210	....
March	.03500	1.628	1.70	.072	....
April*.....	.03125	1.453	1.60	.147	....
May*.....	.02670	1.242	1.25	.008	....
June*.....	.02250	1.046	1.10	.054	....
July	.02750	1.279	1.20	....	.079
August	.03129	1.455	1.35	....	.105
September . .	.03500	1.628	1.45	....	.178
October	.03750	1.744	1.90	.156	....
November . ..	.04050	1.884	2.00	.116	....
December . . .	.04250	1.997	2.05	.073"	....

The cost set forth in the exhibit previous to the above is what we pay the producer direcctly for milk. Exhibit 5-A is as follows:

"Labor, fuel, miscellaneous expense, country and milk freight . . . . . .016471"

In 1907 the price of condensed milk was raised at the time the price of bottled milk was raised. I believe the average price I paid the producer in 1909 was slightly less than I paid in 1908. I use separators in my creameries at South Worcester, Davenport, Delhi, Hamden, Elk Creek, Canaan, Hopewell Junction. The separators are used for making cream and for the purpose of cleansing or purifying the milk. We make casein from the skim milk. We have never used the separator to make a milk

* Surplus months.

that will run 3 per cent butter fat. I saw Mr. Beakes on Friday before the first of November and I do not know whether he said something or not about raising the price of milk. I believe he said something that led me to believe that he might possibly talk on that subject, and I told him that he knew that I had not anything to do with the price of milk, and he said he knew I didn't. That was all the conversation we had on the price of milk. He said the price to customers was low or something of that sort. He decided on the week before the first of November and Mr. Rogers called me up and told me that they had decided to raise the price of milk and he told me to be very careful about letting anybody know until we got ready, just time enough to give the customer notice that it would be raised, and only one young man in our office knew it except myself, and I had to take him into my confidence to get the cards printed. The printer had two sets of men on the cards; one made up the body of the card and the other put in the price, and he was a confidential man that he had confidence in. The superintendents came to the Hudson street office without knowing what they came for on Friday at three o'clock, and they were to deliver those cards to the drivers the next morning themselves, so that nobody would know until the customer knew. There is a good reason for this secrecy. If the other dealers knew that we were going to raise the price very long before they did, they would probably bother our trade. We have always had an idea that our milk was worth more than other people's milk; consequently we think that the customer is willing to pay more. Our veterinary service and inspecting service in the country has a great deal to do with it. Also the fact that our milk is bottled in the country. The card which we sent out to inform the people that the price of our pure fluid milk will be advanced to 9 cents per quart on Monday, November 1, 1909, signed Bordens Condensed Milk Company. Our company is not a member of the Milk Dealers Protective Association, and I have never heard of it until I read this testimony here. We pay a member of the Brooklyn Milk Bottlers Association $400 per year to collect our bottles. Our bottles are marked with their capacity. We have been very careful with our glass dealers. Our contract is that the capacity of the quart bottle must be not less than 31.6 drams, or over 32.2

drams, and should they be more, they take back the bottles. That gives the customer a full quart of milk, provided the bottle is full to that point. I think it is for the benefit of the customer to know whether he is getting a full quart of milk or half pint of milk or a pint of milk. For this reason we have had the capacity blown in the bottle. We are charging 8 cents for country bottled milk in Chicago. A list showing the prices charged by various milk companies in various cities of Canada for milk received in evidence is as follows:

PRICE OF FLUID MILK IN BOTTLES REPORTED TO PREVAIL IN OTHER CITIES.

	Per quart.
Montreal, Canada:	
Half bottled in city; balance at dairies, three miles outside of the city; sold for	9c
Scranton, Pa.:	
Two dealers bottle in the country; one sells at	9c
The other at	10c
Philadelphia, Pa:	
About ten per cent of supply bottled at the farm, sells for	10c
One dealer supplying West Philadelphia, bottling at Kennett (just outside of city limits) sells for	8c
Baltimore, Md.:	
All milk bottled in the city; sold at	9c and 10c
Buffalo, N. Y.:	
Only one dealer bottles at dairy; sells for	12c
Albany, N. Y.:	
One dealer bottles at dairy (claims milk is certified) and sells at	14c
Boston, Mass.:	
Milk bottled at farm sold by four dealers, at	11c to 20c
Milk used at Agricultural State Farm sold at	16c
Three of the largest dealers, bottling in Boston, sell at	9c

	Per quart.
Providence, R. I.:	
Thirty-six bottle at the farm and sell at	7c and 8c
Majority sell at	8c
Lowell, Mass.:	
Two dealers bottle at the farm; sell for	7c and 8c
Manchester, N. H.:	
Two dealers bottle at the farm; sell some for	8c
But most is sold at	10c
Lawrence, Mass.:	
Milk bottled at the farm; sells for	7c and 8c
Medford, Mass.:	
Sixty-two milkmen in this town; sell for	8c and 9c
Portland, Me.:	
Bottled in the city; sells at	8c
Hartford, Ct.:	
Farmers bottle at farms near town; sell for	8c
Springfield, Mass.:	
Bottled in the city; sells for	9c
Portland, Me.:	
Bottled in the city; sells for	8c
Norfolk, Va.:	
Milk bottled at dairies near city; not sold for less than	10c
Washington, D. C.:	
All milk bottled in the city; sells for	9c
Charleston, S. C.:	
Uniform price, milk bottled in the city	10c
Wilkes-Barre, Pa.:	
Milk bottled in the farm; sells for	10c
St. Paul, Minn.:	
Milk bottled in city; sold for	7c

	Per quart.
Minneapolis, Minn.:	
Milk bottled in the city; sold for.....	7c
New Orleans, La.:	
All milk bottled in the city; sells for.....	10c and 12c
Pittsburg, Pa.:	
Some bottled in the country, most in the city; sells for	9c and 10c
Jacksonville, Fla.:	
Bottled at dairies " in immediate neighborhood "..	12c and 15c
Syracuse, N. Y.:	
All bottled in the city sold for	7c
Salt Lake City, U.:	
" So-called sanitary product, in bottles;" sells for..	10c
Atlanta, Ga.:	
Practically all milk bottled in the city; sells for...	10c
Omaha, Neb.:	
All milk bottled at the farm; sells for.....	10c and 12c
Quebec City, Can.:	
Milk bottled in the city; sells for.....	10c
Toronto, Canada:	
Milk bottled in the city; sells for.....	10c
San Francisco, Cal.:	
Milk bottled at the dairy under sanitary conditions.	15c
Milk bottled in the city; sells for.....	10c
Oakland, Cal.:	
Milk bottled in the city; sells for	11c
Alameda, Cal.:	
Milk bottled in the city; sells for	11c
Berkley, Cal.:	
Milk bottled in the city; sells for	11c

	Per quart.
Cleveland, Ohio:	
All milk bottled in the city; sells for.....	8c
Birmingham, Ala.:	
Milk is bottled at dairies just outside of the city limits, and brought in on wagons; sells for.....	10c
Memphis, Tenn.:	
Bottled at dairies adjacent to the city and brought in on wagons and delivered.....	10c
Rochester, N. Y.:	
Put up at the dairy, claimed certified.....	10c
Los Angeles, Cal.:	
Bottled at the dairy; sells for.....	10c
St. Louis, Mo.:	
Bottled in the city; sells for.....	7c and 8c
Kansas City, Mo.:	
Bottled in the city; sells for.....	10c
Butte, Mont.:	
Little sold in bottles; that which is, is bottled near Butte and brought in; sells for.....	10c
Missoula, Mont.:	
Milk collected by wagons; some bottled in city; sold twelve quarts for $1.00, or, per quart.....	8⅓c
Great Falls, Mont.:	
Milk brought into the city on wagons and usually delivered in bulk; bottles carried for special customers	8⅓c

It is my personal opinion that the least handling you can do with milk the better. Consequently we bottle it in the country and it is away from air and atmosphere and dust until the customer gets it from very shortly after milking. The sooner you get milk in the bottle, the better; and if it is closed up from the time it reaches the country until it gets here, and thoroughly iced

on the way down, it is about as fresh as you would get it in the country. The object of pasteurization is not to freshen the milk in any way, but to kill the germs that might be injurious. I think about 120 will kill lactic bactera and they are very helpful to the milk instead of detrimental. They say about 145 for 30 minutes and 155 for 20 minutes to kill pathogenic bacteria but we try to have no pathogenic bacteria in our milk. Many physicians claim that during the process of pasteur ization the casein is hardened and therefore made less digestible. I have never had a discussion with Mr. Beakes or any of those gentlemen in reference to raising the price of milk.

WILLIAM B. CONKLIN:

I reside at 250 West Eighty-fifth street. I am president and treasurer of the Orange County Milk Association. I have never been engaged in the milk business on my own account. I am also a director. We are organized under special charter; Acts of 1860. I first became associated with them on April 1, 1876. We buy and sell milk; manufacture condensed, and we bottle ordinary fresh milk. The stock is $100,000. I own 234 shares; par value $100. In 1907 and 1908 we paid 8 per cent. dividend. In 1909 we paid 5 per cent. I think in 1906 we paid 7 per cent. In 1905, 6 per cent. We own four dairies in the country; condensery at Fultonville, Montgomery county; condensery at Goshen, Orange county; receiving station at Goshen, Orange county, and a bottling station at Price's crossing, between Warwick and Vernon, in New Jersey. The principal office is at 146 West Twenty-fifth street; branch office at 106 East One Hundred and Twenty-sixth street, and 421 Classon avenue, Brooklyn. I am a stockholder of the Consolidated Milk Exchange. The stock is in my name. It belongs to the Orange County Milk Association. I am not a member of the Milk Exchange Limited. I should say I became a member of the Consolidated about eight or ten years ago. I am a director of the Consolidated Milk Exchange; also vice-president at the present time. Director about three years; vice-president about two years. I do not own stock in Borden, Sheffield, or the Mutual Company. About 25 years ago I was an employee of Borden's Condensed Milk Company. I do not own stock in any other corporation engaged in the milk

business; neither am I an officer, director or employee. The directors' meetings that I have attended have been held at No. 6 Harrison street, and part of them in Jersey City. The Consolidated Milk Exchange does not buy and sell milk. I understand the object of this Exchange to be the expression of opinion as to values of milk. There are other matters that come up before them; matters of transportation, cans, matters of legal affairs that come up, and might be connected with the milk business, as Mr. Laemmle stated. In arriving at the value of milk, if there is a quorum present an informal ballot is taken to get an expression of the conditions as they prevail in different sections; the Board is represented by men from different sections; we have men from the country, and men from New York in the milk business that are also farmers and connected with other concerns. An informal ballot is taken to arrive at the consensus of opinion of that Board as to the value of milk to-day. "Now, after that informal ballot has been taken and recorded, then a formal ballot, a motion for a formal ballot is made and duly seconded. After that is done, as vice-president of the Exchange and as chairman of the price committee at that time I ask each member around the Board how he has arrived at his conclusion. John Jones may tell me why he did. Samuel Jones may say, 'I have nothing to say.' But I give every man around the Board an opportunity of expressing his opinion as to the conditions and why he states that the price should be advanced a quarter or a half or should be lowered a quarter or a half. Now, after that is done, then the motion is put and recorded then and there as to the Exchange — the Exchange finds the value of milk to be to-day such a price. That is exactly what is done." When an informal ballot is taken at the meeting, little slips of paper are distributed among the seventeen directors. On that slip the man makes a figure, 1.71, 1.81, etc. He folds it up and it is taken up and the ballots are collected by the clerk and counted. He finds there are 14 ballots or 17 ballots, 15 of which are for 1.71 and 2 for 1.51 or 1.61. Then a motion for a formal ballot is made. Then after a motion for a formal ballot is made, as vice-president and the Chairman of the price committee, I ask this man how he arrived at that particular figure. I ask around the Board until it comes to the last man, and each

one expresses their opinion how they arrived at that figure, which was based upon the conditions as they saw it, as they met them in the country or they saw it in the city. Then they have new slips for the formal ballot. Now, some of them, after listening to what each one has said around, they may conclude that their informal ballot was wrong, their opinion had changed by the statements that have been made. This formal ballot decides it. The number in the majority decides the final value. I announce then, that as the price for the time being, and I so announce to the president of the Exchange, who then takes my place in the chair and makes the formal announcement to the Board. As far as I am concerned, the values which were arrived at were of no use. I went down to these meetings to gratify some men that wanted me as a director and as an officer. I have heard different ones claim that the fixing of value benefited them in their arrangement in the creameries of the country. I am a subscriber to the "Milk Reporter." From a memorandum I have I can state that the average cost of our milk at the present time is 4¼ cents per quart. That is bottled milk. That is the price we pay the farmer. The freight is 1¼ cents; bottling, ¾ of a cent; carting, ¼; delivery to the consumer, 1¼ cents; office help and extra riders in case of sickness, 1½ cents; that is 9¼ cents. This does not include wagon repairs, extra bottles or rent. This is for the month of December. I think the lowest I have bought milk in June is for 2½ cents. We pay the highest price during December and January. Leaving out the cost of the milk, I think it costs us about 5 cents to handle it. There is a difference between freight on raw milk and bottled milk. The freight rate on canned milk depends on the zone that it is in. We pay 32 cents freight, can rate. I think it is about 42 cents bottle rate. The Orange County Milk Association raised the price of bottled milk from 8 cents to 9 cents on November 4th. I fixed this price without consultation with any of the Board of Directors. I might have consulted with some one engaged in the milk business, in a casual way, previous to November 4th in reference to this proposed advance in the price of milk. I couldn't say with whom I discussed it. Possibly I attended meetings at which the raise was discussed in October; I couldn't say off hand. There was no other business

transacted at the meeting. There was never any resolution passed by the members of the Board of Directors of the Consolidated Milk Exchange, at which I was present, in which the members were in any way advised or directed to advance the price of milk from 8 cents to 9 cents. I know of no reason why all advanced the price at the same time. I never signed any agreement with other dealers to advance the price. I had to advance it myself in order to save my company from ruin. We did, prior to the advance of price on November 4th — I did — talk with other dealers as to the desirability of it. I do not know Mr. Gorman, the newspaper man. I turned down the representative of the newspaper, in reference to starting a campaign of education. I don't recollect what I said to him. I met him at No. 6 Harrison street, at one time, but asked to be excused as soon as he commenced talking to me. Individually I am a member of the Mutual Aid Society. Our company is interested in it. Our company is a stockholder in the Dairymen's Manufacturing Company. I am not an officer or director of that company. There were some special meetings of the Consolidated Milk Exchange that were called for the purpose of considering the value of milk. I bring from fifty to sixty cans of loose milk to New York per day, and about 350 cases, 12 quarts to a case; also from 75 to 150 cans of condensed milk (40 quart cans). I do not remember writing a letter to the Consolidated Milk Exchange or its Board of Directors about August 29, 1908.

(The following letter appears in the minutes of the board of directors of the Consolidated Milk Exchange of the meeting held August 29, 1908:)

"A letter from our first president, W. B. Conklin, was received and read to the meeting, in which the writer expressed his hopes that the directors will make good use of their usual good judgment in finding the value of milk."

Yes, I remember the letter now.

Interrogated as to whether the witness still hoped that they would continue to go through with this useless proceeding, which he had testified was useless, the witness answered, "Yes, sir."

At the meeting of November 29, 1909, there was nothing said in reference to placing a value upon milk. There was no action

taken or no talk about it. The time I raised the price of bottled milk from eight to nine cents a quart I did not know that Bordens had, or had intended, to raise the price of bottled milk to the same amount. I heard some talk about it. That did not influence me in my decision at all. There was no relation whatsoever in the raise of the price of milk by Borden and myself. I could not say that the raise of any one of those dealers had anything to do with determining me to raise the price of milk, although I think there were quite a good many raised within a few days of November 1, 1909. I arrived at the conclusion to raise the price about the middle or the 20th of October. I did not know at that time that Borden intended to raise the price. I attended a meeting at the city hall in reference to the milk question before the board of aldermen, or some committee of the board of aldermen. I heard part of the discussion. I do not remember whether I saw Mr. Gorman there or not. I have no knowledge or remembrance of telling Mr. Gorman as far as my subscription is concerned I would go in as I told him and he could have any one from his paper or any of the dealers telephone to me and I would confirm what I had told him. I wouldn't swear that when Mr. Gorman asked me to sign the paper for the educational campaign, I replied to him: "I don't want to be so near the top. I don't want to appear as one of the leaders." No one connected with Borden's in an official capacity or as director owns stock in the Orange County Milk Association. At nine cents a quart we calculate at the present time we are losing more than one-quarter of a cent on every quart we sell.

WILLIAM B. CONKLIN:

Prices paid to the producers for milk at Price's Station, New Jersey:

1907, average for six months, three cents a quart.
1908, average for six months, $1.35 per cwt.
1909, average for six months, $1.85 per cwt.
1909, average for other six months, $1.30 per cwt.
1909 and 1910, average for six months, $1.96 per cwt.

Prices paid to the producers for milk at Montgomery county, N. Y.:

1907, average for six months, $1.08 per cwt.
1907 and 1908, average for six months, $1.49 per cwt.
1908, average for six months, $1.20 per cwt.
1908 and 1909, average for six months, $1.63 per cwt.
1909, average for six months, $1.15 per cwt.
1909, average for last three months, $1.83 per cwt.

Prices paid to the producers for milk at Orange County, N. Y.:

1907, average for six months, $1.34 per cwt.
1907 and 1908, average for six months, $1.93 per cwt.
1908, average for six months, $1.35 per cwt.
1908 and 1909, average for six months, $1.83 per cwt.
1909, average for six months, $1.30 per cwt.
1909 and 1910, average for six months, $1.96 per cwt.

(Blank form given to producers received in evidence and marked Exhibit-G.)

All the producers that take from me at one place, I pay them the exchange prices for milk. That place is at Goshen. In the blank space I would fill in "Market Prices." That necessarily does not mean exchange prices. The farmers did not sign the form, they simply took them home and read them for the information. If I filled out on the second page of this paper called rules and regulations (Exhibit 4-G), the prices, and the farmer began to make deliveries and complied with all these rules, I would feel myself obliged to accept his milk during all the months opposite which I had set a price. As soon as the price is set on this form, I regard it as a contract. There is always a feeling in the country that they want to wait and see what Borden's prices are. The above answer in reference to the question as to whether there are only two standards of prices, Borden's or exchange, regarded as the market. I don't consult Borden's prices when making up my mind what the market is. We leave that with the farmer to decide. I take into account the different prices when arriving at the market price. Market prices, valuations as have been found by the exchange. I am paying four

and one-fourth cents a quart at Goshen. That is the exchange price at the present time. I don't think there is a single instance, in this creamery that I have at Goshen, where I haven't paid for any single month the exchange price for milk to any single farmer. As to the question, "Wouldn't it have been to your interest to have used your influence and your vote in the board of directors of the Consolidated Milk Exchange to reduce the price to be paid to the farmer at certain times," after many objections on the part of Mr. Ely, witness answered, "I have no answer to it." I buy milk from some farmers, based upon exchange prices.

THOMPSON W. DECKER:

I am the treasurer of the Sheffield Farms, Slawson & Decker Company, and have been such since its incorporation, and have been a director since its incorporation and am now a director. I am one of the original owners of the Decker concern that went into this corporation. I have nothing particular to do with fixing the price of milk that is fixed for producers. In the latter part of September we talked about raising the price to the consumer from eight to nine cents. We thought that we ought to raise the price, but we hadn't decided on it. We talked the matter over — in October Mr. Horton went away and he said, "Now, gentlemen, we will postpone this until I come back, until we see the condition of things." When he came back he heard that Borden had raised the price. "He decided to raise the price, our price." Borden's raise of price might have influenced us somewhat. I never had a consultation with any dealer prior to November 1, 1909, in reference to the advisability of raising the price of household milk, only in a general way, when anybody came in that talked price; but no definite understanding with anybody. I do not know any officers of the Mutual Milk and Cream Company, except Mr. Kavanaugh. I met him at the office of the Charity Commissioners. We both had a bid in there to supply the institutions. I know C. H. C. Beakes, Walter R. Comfort, T. O. Smith, Joseph Laemmle, Mr. Campbell, Mr. Conklin and Mr. Bleier, Mr. Slaughter and Mr. L. L. Campbell. I haven't seen any of these men during three or four months immediately preceding November 1, 1909, and have had no communications with them.

ALFRED ELY:

I reside at New York city and divide my energies between farming and practicing law. I have never been in the milk business. I have five shares of the Consolidated Milk Exchange. I have had these five shares since its incorporation. I prepared the incorporation papers for the company. I think I had one or two shares in the old Milk Exchange, Limited. I was counsel for the Milk Exchange in the action brought against it by the Attorney-General to dissolve it. Some of the stockholders of the old Milk Exchange, Limited, are also stockholders in the Consolidated Milk Exchange. I know of no objects of the incorporation of the Consolidated Milk Exchange except as they are stated in the articles of incorporation. I have attended annual meetings of the stockholders of the Consolidated Milk Exchange in one or two instances, but I don't recall when they were. They were a good many years ago. I attended a meeting of the board of directors within about two or three weeks, but I refuse to state what took place at the meeting, as I was there in a professional capacity. I never heard of any agreement among the members of the stockholders of the Consolidated Milk Exchange to raise the price of bottle milk from eight to nine cents a quart on or about November 1, 1909. I should like to state that in my opinion this whole proceeding is based on the misinformation or a mistaken imagination. In my opinion the increase in the price of milk during this present winter is fully justified by the conditions of supply and demand and the prices paid the farmer. As a farmer I am being paid and receive more for my milk than I have received before for many years, and as a farmer, my opinion is that the price paid to us is insufficient even now, having in view the conditions under which milk is produced by farmers and producers at the present time. The burdens upon the farmer and cost of producing milk has been steadily increasing for many years. In some sections of the country that I know of the farmers have in recent years diminished the amount of milk they produce because the price which they received did not in their opinion sufficiently compensate them, and in order to keep up with the proper production under present conditions, every dairy farmer has had to increase his capital,

rebuild his barns and produce milk under conditions compelling constantly increasing costs. Labor has increased, feed has increased, the average values in cost of dairy cows has increased, the cost of buildings has increased, and maintenance and operation in every respect; cost of handling the milk has increased, everything has increased. One of the chief items of increase has been the cost of feed; and if the Attorney-General would look into the cost of feed to the farmer he would be doing the farmer a much greater service than in looking into the normal and natural increase in the price of milk based upon the slight increase to the producer. From my knowledge of the milk business, it is impossible to have any such combination or agreement as you mistakenly think exists. There is the keenest kind of competition so far as I have knowledge or information extending over a great many years, between the milkmen of every grade and every kind, and a great many men have gone out of the business in the last ten years because they could not survive under the conditions which have existed. The competition has been so keen that they have died in great numbers, and the tendency has been in the milk business within fifteen years to constantly liminate the smaller man and constantly aggregating the business in the hands of these large companies like Borden's, Slawson-Decker, Mutual, McDermott, and others, all of whom have been increasing steadily in size and amount of business done and number of quarts handled during the last fifteen years, and to the gradual exclusion and elimination of the smaller men who were in the business fifteen or twenty years ago. The farmer has been driven out of the New York market entirely. I have got about 250 cows on my different places. They are located in the Warwick valley, part in New York and part in New Jersey. I deliver three dairies to Borden's, and two dairies to the Orange County Milk Association. It all comes in over the Erie road. My recollection is that I was counsel in the organization of the Consolidated Milk Exchange. As such counsel, I advised them at the outset. They have not consulted me and I do not recall having advised them or served them now in a good many years. My recollection is that I advised the Consolidated Milk Exchange that they must not attempt in any

way to name a price or to fix a price or to have any agreement or understanding with respect to prices. I remember you (the referee), and I had some talk on that at some time walking down from this reference, and I have been several times since then turning it over in my mind and my recollection doesn't return to me in reference to that. I did advise them that they must not attempt in any way whatever to make a price or fix a price or name a price or do anything that should work that way. You see, the Milk Exchange Limited, was a business corporation, organized as such, to buy and sell milk, and its business was exclusively to sell milk for farmers upon a commission, and it by resolutions of the board fixed in advance the price which it would undertake to charge the dealer in the city for the milk which it sold as a commission merchant, and that was a novelty in the milk trade. That thing had never been done before. Previous to that time the farmer had sent his milk down to New York, and the value, the ultimate money payments, was either collected by the farmer personally or was collected by species of commission merchants, who collected the amount which he received from the milkman in New York city, but what was to be the amount collected was rarely known in advance until generally sometimes ten or fifteen days afterwards, and there was some way or other a price was agreed upon in some way, as Mr. Campbell testified here with reference to that point. Now the Milk Exchange Limited —

Q. You are now speaking of the old company? A. I am speaking of the Milk Exchange Limited, which is a business corporation, pure and simple, nothing else; the Milk Exchange Limited undertook to do the business of a commission merchant and to state in advance that it would take dairies of milk for farmers and sell them on a commission of 3 per cent. and would announce to the farmers in advance the precise amount which it would agree to collect for, and in doing so, it had naturally to state the price at which it would sell, so that if it took a dairy of milk to sell, it was bound to collect the price it stated for the benefit of the farmer, less 3 per cent. commission, and unless the man in New York would pay the Exchange Limited that price, they couldn't sell it, or they would have to make up the deficiency to

the farmer out of their own pocket. Of course if they sold for more, then the farmer got the benefit of it. Now, the old Exchange named that price; that was the Milk Exchange price, and that was all the Milk Exchange price was; it was the price which the Milk Exchange undertook —

Q. Didn't they hold themselves out to the farmers as being a wholly disinterested body of men that were endeavoring to arrive at a fair valuation of milk in New York city, when in reality they were commission merchants? A. No. They didn't hold themselves out anything of that kind. There was no doubt about the proposition, whatever.

Mr. Referee, I have some very valuable statistics which I will be glad to give. They are based on thirty years' experience in farming. In this investigation, my opinion is that the State has no concern with the cost of milk or the cost of handling it or the price. Under this investigation, the only thing, in my opinion, that has any weight is whether there was a combination or not, and the courts have already held that the profit and loss is not a question in this investigation. I think that is pretty good authority. I never heard of the Consolidated Milk Exchange doing any mercantile business. It is incorporated under the statutes of the State of New Jersey. In reference to the fact that the farmer or producer obtains on an average a price of three and one-third cents a quart for his milk, and the middle man gets nearly six cents, I would say as a farmer: The year begins on the first day of April in each year, and ends on the thirty-first day of March in the following year, and all milk prices and all farm contracts and all farm payments and expenses and all farm accounts are made with reference to that farm year, from April to April, and not with reference to the calendar year. Now, with reference to the farm year, it is divided into two halves, one half running from April first to October first, and the other half running from October first to April first, and almost all dairy statistics and dairy prices so far as milk is concerned are averaged and rated with reference to those two half years and never together. They are rated separately and the only bringing of those together and making a year's average is for comparative purposes and not with reference to the facts

except as they may be comparative. The costs of producing milk are totally different when considered during the six summer months, which are April, May, June, July, August and September, and the six winter months, so called, October, November, December, January, February and March. During the summer months the cattle are at pasture mostly. We turn them out in our section of the country any time from the 15th of April on, dependent on the season and on the weather. We begin to stall and stall feed from the middle of October on, according to the weather. The costs of producing during the winter months are very different from the cost of producing during the summer months, and the prices that we receive during the winter months are different from the prices we receive during the summer months. The large milk companies like Borden's announce their prices always for six months and no more. On the fifteenth day of March they announce the prices they will pay for the ensuing summer months and are called their summer prices, and averaged up accordingly by those who keep accounts, the farmers who keep accounts. On the 15th of September the Borden's and others similarly working announce their prices for the ensuing six months, and they are called the winter prices. There is a wide difference between those two prices which disappears when you average. Now, Borden's are paying me for three of my dairies now for this current six months beginning with October 1, 1908, and ending March 31, or April 1, 1910, an average per hundred pounds of 1.966 or an average of 4.179 cents per quart, that is almost 4.18 cents or .0418 cents. Now I am getting 4.18 cents averaged from Borden's for every quart of milk I deliver to them from the first day of October current to the first day of next April current, that is what I am getting.

Q. How about the last summer months? A. Take the last summer months from April 1, 1909, to September 30 or October 1, 1909, I received from Borden's an average for every pound of milk I delivered to them of 1.30 per hundred which averaged into quarts, if my computation is correct, and I think it is, .02797; that is, almost, we will say 2.8, very close to 2.8 cents; so that within the last twelve months, during the six summer months, I received practically, within a fraction of a thousandth

of a cent, 2.8 cents for the six summer months and I am now receiving 4.18 cents for the six winter months; so you will see if I averaged those together it brings the thing down, but neither one of those averages is the correct reflection for the winter months or the correct reflection for the summer months; so that in order to be correct you must keep those averages separate. Borden pays me 4.18 cents for every quart of milk I bring them, more or less, and they take every quart I deliver. It is weighed up by the pound, no matter how it varies, and it varies of course from day to day; those are the prices which I am receiving for three of my dairies, and have received. I deliver at New Milford, Orange county, at Borden's station. My men drive in there, two of them, two of my dairies go into Borden's receiving station at New Milford, Orange county, New York, and my two farmers are there with milk before 8:30 o'clock, with the milk of the morning's milking and the night's before milking, and they weigh up and I get credit for every pound I deliver. I suppose the fractions of a pound are against me; I don't know. Now, then, on the fifteenth of the following month, I get a check from Mr. Borden for the total number of pounds and the price per hundred attached to the check. On the second or third day I get the report from the farm giving me the price-number of pounds he delivered, and I check one against the other, and I don't know whether I am right or not. The third of my dairies goes to Borden's at Huntsville, New Jersey, where the result is the same; and so far as I know anything about it, Borden's pay exactly the same price in all of their receiving stations for all milk that they receive. Now, in addition — this is an important proposition — all the milk of the present day within the New York radius is produced under conditions imposed by the New York Health Department. My stables are inspected constantly; my cattle are inspected constantly; and the care and cleanliness and every other element, the condition of the cattle which goes into the production of healthy milk, is looked after very closely, indeed, by Borden's and by the health department, by the local health people, and if they sometimes only had inspectors who knew something about dairying, the result would be even better than it is. But for myself, personally, I welcome this thing, because it is of the

greatest importance to me to have things in good order; it is of more importance to me to have things in good order than it is to produce a few pounds more or less of milk, and I find that the inspections of the health department of New York and of the Bordens are of great assistance in increasing the general quality of the milk. Of course that costs more. I have had to rebuild most of my barns in the last fifteen years. I suppose I have got on my place one of the finest dairy barns in existence. I have known places on the East side and among the poorer sections where you could buy good milk in New York city for four cents a quart, or if they got three quarts, they might get it for ten cents. I am not speaking of the men on Fourth, Fifth and Sixth avenues and the blocks between that. They have always paid a higher price than others, because the cost of delivery is much greater; but the vast amount of milk in this city is delivered in cans to stores and dipped out of the stores to the people who come there and, in my opinion, that is more than 60 per centum of the milk that comes into New York city. In 1877 there was a statute passed in this State authorizing the incorporation of boards of trade and exchanges; that statute provides as follows; passed May 3, 1877: "At any time hereafter, any twelve or more persons who may desire to form a corporation commonly called board of trade or exchange, for the purpose of fostering trade and commerce to protect it from unjust or unlawful exactions, to reform adduces in the trade, to diffuse accurate and reliable information among its members as to the standing of merchants, and other matters, to produce uniformity and certainty in the customs and usages of the trade, to settle differences between its members, and to promote more friendly intercourse between merchants, may make, sign, acknowledge, and so forth." At the time it was contemplated organizing this Milk Exchange Limited that statute was supposed be me to be still in force, and a certificate of incorporation was prepared by me for the incorporation in the State of New York of a milk exchange substantially on the identical lines of the certificate of incorporation substantially as filed in New Jersey. This certificate of incorporation containing this very provision which you have referred to several times and which is also in the statute, "To produce uniformity and certainty in the customs and usages

of the trade" was sent to Albany to the Secretary of State, and then returned to me with the notation that this statute of 1877 had been repealed that July by a statute passed the previous session. I was also informed that there was another corporation of so similar a name in the State of New York, called the New York Milk Exchange, that it for that purpose seemed inadvisable to incorporate the Exchange in the State of New York. But it was a perfectly legal, statutory provision to organize a corporation for the purpose of promoting uniformity and certainty in the customs and usages of trade. That same year the Membership Corporation Law was passed, and the Membership Corporation Law embodied in it word for word these very provisions (Laws of 1895, chapter 559). Subsequently this identical statute, Laws of 1895, chapter 559, which was in this respect a reenactment of the clause of 1877, became a part of the Consolidated Laws of this State, and at the present time a board of trade or exchange or corporation may be formed in this State for the precise purpose of promoting uniformity in the customs and usages of trade, so that the provision of the certificate of incorporation that "one of the objects of the corporation was to produce uniformity and certainty in the customs and usages of the trade" is absolutely lawful both in this State and in any other state that I know anything about, so that the provision which is inserted in there was inserted as a transcript of the provision then authorized and now authorized by statute of the State of New York; so that the provision with reference to the certainty and uniformity in the customs and usages of the trade was a legal provision, was copied from the statute of New York then in force and at present in force. That refreshes my recollection with reference to that point, and I found the original certificate which I had drawn at that time and the letters of the Secretary of State. Now, with reference to some of the questions that you have asked me, as to the cost of producing milk, I would like to give these statistics now because they are in such form that they would be interesting in comparison, I think. Subsequently, I might like to supplement these, if it seems desirable. I have taken the last six years' returns from my farms, with respect to which I have kept accurate statistics, and I have averaged those last six years'

returns in a variety of ways. I have taken four farms for the six years and averaged them. I have then taken two separate farms and averaged them together for six years, the conditions of those farms being almost identical in so far as it is possible to have two farms operating under the same conditions. I have taken one other farm where the conditions are better than the two preceding farms and averaged those up for six years, and I have averaged this last farm back for eleven years. I find the price of milk which I have received for those six years, averaged up, is as follows, this being the actual price per quart actually received by me in cash, the gross receipts being divided by the gross number of quarts, so that this result is without any connection whatever with any posted price or contract price, the differences resulting from the fact that more money might be made under one price, or more money might be made in the winter months than the summer months, or vice versa: For four farms averaged for six years, beginning April 1, 1909, I received .0299 cents per quart; that is one-hundredth of a cent less than three cents. My feed during those six years averaged up for the four farms was 49 per cent. of the price received, and met net proceedings per cow milking averaged for the six years on the four farms was $50.03, after deducting the feed bills. Now, during this period and under the same average, it took 1.15 pounds of feed to make one quart of milk, at an average cost per quart of $.0141. That is one and fourteenth cents. Now, take the two other farms where the conditions are identical as far as it is possible for them to be; they lie right together in part of the same tract; for the six years I received $.0296 per quart. The cost of the feed was approximately .368 per cent of the price. The net profit per cow milking after deducting the feed bills, but making no other deductions, was $54.37 per cow milking. Now take one other farm, a farm by itself, not included, for the same six-year period, averaged, my actual price received was $.0299 per quart. The feed was 43 per cent. of the price. And the net receipts per cow milking, after deducting the feed bills, was $64.98. Now take the same farm for eleven years, beginning with April 1, 1898, and ending April 1, 1909, my price received was $.0272 per quart. My average feed was .418 per cent. of the price received

(I am speaking only of my own prices received), and the net receipts per cow milking, after deducting the feed bills for eleven years, was $59.73 per cow milking. It took during those eleven years 1.7 pounds of feed, averaged through the year, to make a quart of milk, at an average price for the eleven years of $.01114.

The Referee.— You mean grain or feed? A. I mean all feed that is fed, weighed by the pound and averaged for the year. I know what I am feeding; I keep track. That is all the feed that is fed. Now, the average feed fed during the six years, averaged up for all these farms, and under varying conditions, was .421 per cent. of the price received; slightly over 42 per cent. so that it is a very close approximation, and in my opinion, that is an almost absolutely accurate approximation of the cost of feed in producing one quart of milk; forty-two per cent. of the price received is expended in feed. In other words, the price of milk as averaged being $.0299 per quart, the cost of feed per quart is $.012588; so there is one cent and about twenty-six one-hundredths. Now, the cost of labor, maintenance of machinery and teams and other items of that kind, on the same basis, is $.008656 per quart for this period; that leaves a balance of slightly over eighth-tenths of a cent per quart to the farmer and is all that is left to pay the following items: Taxes, which will average about $4 per cow; insurance, all repairs to buildings and plant, all the interest on plant and the investment, and any profit there may be. Now, in my opinion there are very few farmers who have any such accurate statistics running over a period of years out of which it is possible to make any computation of cost, and in my judgment those figures are substantially accurate results.

The referee.— Do you figure in there any allowance for administration? A. None, whatever; that is, none whatever for myself, nor supervising.

Now, I would like to add to this: Since 1898 the average price of milk to the farmer has been steadily increasing, and taking one of my farms for all those eleven years, the following are the prices which I have actually received for my milk for the year, based on a division of the gross receipts from the milk divided by the actual number of quarts sold; these are all farm year calculations; bear in mind that the farmer knows nothing about

the calendar year, and any attempt to figure upon the calendar year will result in errors: In the year,

1898–9, April 1st to April 1st, .021 cents per quart.
1899–1900, April 1st to April 1st, .0231 cents per quart.
1900–1, April 1st to April 1st, .0247 cents per quart,
1901–2, April 1st to April 1st, .0237 cents per quart.
1902–3, April 1st to April 1st .0268 cents per quart.
1903–4, April 1st to April 1st .0257 cents per quart.
The average of those six years is .0242 cents per quart.
1904–5, April 1st, to April 1st, .0257 cents per quart.
1905–6, April 1st to April 1st, .0293 cents per week.
1906–7, April 1st to April 1st, .0302 cents per quart.
1907–8, April 1st to April 1st, .0346 cents per quart.
1908–9, April 1st to April 1st, .0339 cents per quart.

That you see is three and four-tenths almost. Those were the actual prices which I received during those years at this particular farm, which is fairly standard. Now, during that same period there have been great fluctuations in the amount of feed required to produce a quart of milk, and there have been some fluctuations in the value of the feed in comparison with the price, but the cost of feed in 1908 and 1909 was the highest we have ever known it to be and was fifty per cent. of the gross receipts of the price received, so that upon a price received of 3.4 cents, 1.7 cents went to feed. We had to pay that year as high as thirty-one and thirty-two dollars per ton for feed; and it took just as many pounds of feed to make a quart of milk that year as it did any other year. Now during that last year my balance per cow milking, after deducting my feed bills, was $63.95 per cow, while the preceding year, 1907–8, the feed bills were only about thirty-six per cent. of the price and my balance per cow was $100.86 per cow milking. Now, as a general result of these figures, and my own experience for thirty years in farming, my observation of my friends and neighbors who are around me in all directions, I want to say that in my opinion there is no approximate cost for the production of milk per quart, but that the cost will vary according to each farm and according to each farmer and the conditions under which he is operating, and also according to the quantities of milk which

he makes each month during the year, in my opinion the one most important fact with reference to the cost of milk and the profit to the farmer is quality of the cow, with the single exception of the number of pounds of feed which it takes to make a quart of milk. A ten-quart cow or eleven-quart cow costs no more than an eight-quart cow.

The Referee.— Costs no more to feed? A. Costs no more to produce the milk from one cow than from another; it costs no more to produce an average of eleven quarts than eight quarts per day except the cost of the feed. The difference between two of my farms which I have given you are explained in this way — some of the differences: The average cost per cow milking per day for four farms, average for six years, was 8.98 quarts per day per cow milking. Now, two of those farms, however, produced an average of 8.28 quarts per cow per day only. During the same period one of those farms produced 10.63 quarts per day per cow milking, and this same last farm for an average of eleven years produced 10.39 quarts per day per cow milking during the entire eleven years. That difference of two-and-a-half quarts per day makes a difference between a profit and no profit. I would like to say another thing. One of the greatest elements of expense — the two great elements of expense to the farmers in producing milk are, first, the cost of feed, which has more than doubled; I have bought the same feed at twelve or thirteen dollars per ton that I am now paying twenty-nine or thirty dollars; and second, the item of labor, which has more than doubled in the last fifteen or twenty years, on my judgment owing very largely to the operations in this country of the protective tariff laws which have attracted all the labor possible into the manufacturing villages where the profits of business permit the payment of higher wages than it is possible for the farmer upon these close margins to compete with.

The Referee.— How do you account for the fact that if labor has doubled, and with double the price, that the farmer is making now more than he did twenty years ago? A. The reason is this: We are farming far more intensely. Take one of my places I have in mind, I am carrying on an average of seventy-five or eighty and when I began I had great difficulty in carrying twenty

or twenty-five, and my gross receipts are double from the same farms what they were thirty years ago, twenty-five years ago.

The Referee.— Accounted for by more intelligent handling of the soil? A. Intense farming. I am making milk twelve months of the year, and in the old days we made it eight months. Then Bordens have had a tendency to increase the price of labor very much. When they come in they pay high wages and they attract all the available labor.

I want to add this: The figures which were testified to here on the last session by Mr. Scudder with reference to the Bordens and with reference to the Slawson-Decker Company are absolutely valueless and absolutely misleading, because they are absolutely incomplete for the reason that the fundamental factor necessary to give those figures the slightest value is lacking, and that is, the number of quarts to be applied to those figures. Now, if Bordens are delivering three million quarts per day, then those figures are a very small figure per quart. If they are delivering four million quarts per day, they are very much less. If they are delivering two million quarts per day, they are very much higher. Those figures are valueless except the actual number of quarts of milk purchased by the Bordens and applied to those totals are also added and the percentage taken. Now, there is this thing to be remembered, that for every forty quarts of milk delivered and paid for by creamery men or milkmen or a dealer, he never finds over thirty-eight quarts. Every time you pour milk from one vessel to another, there is a certain amount left on the skin of the can or the bottle or on the surface. When you repeat those processes you never will find two-fortieths or one-twentieth of 5 per cent. Five per cent. of the whole business is never to be found, so that you have got to get back to the quarts bought in order to have any correct deductions from these statistics.

JOSEPH A. FERRIS:

I reside in Montclair, N. J. I have been in the wholesale milk and cream business since 1866. My present place of business is 293 Greenwich street, New York, under the corporate name of "Ferris Milk & Cream Company." I began business in Brooklyn by buying out Brown & Bailey; sold out to my brother; bought milk and cream from Brown & Bailey; went into the con-

densed milk business with S. W. Canfield and then went with the Pullman Car Company; then returned to Brooklyn and entered business again with Mr. Canfield. Borden's superheated milk patents ran out and I arranged with Mr. Canfield to buy milk of him for thirty cents a quart. Bordens were then selling the same class of milk at forty-eight cents a quart and we began competition with Bordens. Formerly, we had sold "thin milk" and people thought that "other milk" being thicker and heavier, was better than the thin milk, and the Buckley boys left Bordens and joined us and we were then first in the field of the superheated milk business. I have known Mr. Rogers, president of Bordens, since 1871, at which time we were both drivers. I saw Mr. Rogers four or five weeks ago at my office in Greenwich street. After some conversation with Mr. Rogers, he said, "Joe, you know that there is no trust in this business." "Well," I said, "Mr. Rogers, I don't know whether you call it a trust or not but I have only to take what I hear from people who seem to have the knowledge of what they are talking about, that there is somethink in it."

All the people in the milk business seem to be down upon me except Mr. Beakes, and now from what I am told, I guess he is too. Mr. Rogers did not say why he called to see me. It was natural that Mr. Rogers should stop and see me, having known each other for so many years. Mr. Rogers only happened to stop and see me as he was passing along the street. I did not expect him to call and see me. "He is on the top shelf and I am away down at the bottom." I cannot say that I told him that I had heard that he and Mr. Beakes and Mr. Horton met over in Jersey City. He said he was glad I was not in the retail business. I have never been a member of the Consolidated Milk Exchange. They won't have me in it. Nor am I a member of the Retail Dealers' Protective Association. I have had no dealings with the association. I have had dealings with the Orange County Milk Association — bitter competition. I would be willing to sell milk for eight cents, but I am in the wholesale business. I might strike two months that its costs pretty near that. The other seven are in the dealer's favor, but my experience is limited in the retail business. The man that only sells a few bottles per wagon cannot

make as much as a man selling 300 or 400 quarts. Mr. Webb Harrison suggested our going into the milk business on a half and half basis, he to furnish the money and the milk. He then abandoned me, and the only explanation he made to me was, "Some day I will tell you why I didn't go in with you." Mr. Harrison introduced me to a Mr. Fayen, formerly of the Mutual, and finally he abandoned going in with me,. I had several dealings with others, and by various devices, these parties and others were discouraged going into the business in New York. Mr. Durland, with whom I had a contract to take milk, after a short time telephoned me, "I am awfully sorry Ferris, but I can't send you any milk to-night or any cream." He said he would arrange with another man to ship me milk. This party was to ship me milk, but didn't send it and Mr. Durland said, "I tell you, Ferris, they had a man out here on Sunday and they said if they shipped any more milk to you that they would put me out of the business in Newark as well as New York." I had other troubles, such as having milk shipped two weeks after I had ordered it and also trouble with the freight station. Some difficulty about handling it, as I had no ice and no office. In August, 1909, I had a meeting at the Gilsey House with several men, one from the country, with a view of purchasing milk from him. We talked over the conditions here in New York and we agreed that we would be up against the combination and would have a hard time. The man from the country was Mr. Fayen, the same man I had arrangements with before, and everything fell through. He had been formerly president of the Mutual and he said, "Whom do you mean by the combination?" I said. "The Milk Exchange." I said, "Do you say to me in the presence of these men that they have agreed amongst themselves and that each other shan't interfere with each other, and if a new man comes in the business, do you say that they will put him out of the business?" "Well, now, he says, "They had a smart lawyer down there in Nassau street that drawed up these things and they know pretty well what they are doing." I said, "What are you trying to do? Are you trying to get these people in jail?" He says, "No." But he said, "There it is." Well, Mr. Fayen went back to Vermont and I never heard of him since. Then I tried to enter business with Mr. Jones.

Q. Well, now, Mr. Ferris, will you tell if any of the attempts to take trade away from you on the part of any organization after you went into it with Mr. Jones? A. I had great difficulties with the McDermott people at the Mills hotel. Mr. Ogden Mills tried to help me but McDermott put the price down to 5 cents. I was selling at 5½ cents and I met McDermott's price, and that was 3 cents a can less than it was costing us. Then McDermott put the price to 4¾ cents. I could sell milk at cost but not below it. "Well, that ended me with McDermott."

Q. Can you give any evidence where a number of dealers have organized in any way to compete with you unfairly? A. Well, I know there are three or four of these same identical people, the Mutual, the Beakes Dairy Co., and the McDermott people, and the Stevens people, have not only met my prices, but went lower.

An individual dealer is justified in putting his prices lower to meet my prices to get the business, if he can.

THOMAS A. GORMAN:

I met Mr. Laemmle, secretary of the Consolidated Milk Exchange, in the spring of 1909, at the city hall, in the aldermanic chamber, where an ordinance had been introduced to compel milk dealers of Greater New York to pasteurize the milk that came into the city. I introduced myself to him. I called on him at his office a few days later in Bleeker street. While there, we talked over the milk situation and Mr. Laemmle said that the price ought to be raised, — that they could not get along at the present price. We talked over the matter of raising some money for a campaign of education of the public with a view of securing higher prices. He said he was Secretary and Treasurer of the Consolidated Milk Exchange. I met Mr. Beakes about ten days later at No. 6 Harrison street. At the time appointed, to meet some members; I was there. I met Mr. Beakes, Mr. Comfort, Mr. Conklin, Mr. Seiler and Mr. Hunterman.

Q. What did they say? A. It was simply in the general discussion that these series of articles was to be on milk, and it was to be an educational feature and lead up from the uses of milk to the dietetic features and not to incur it in any particular form, cooking of milk, or pasteurizing it, but simply curing milk and

ultimately to take and get a price that would be better than what they were getting, and increase the price of milk. They never used the Exchange in any way, shape or form. They never said "the Consolidated Milk Exchange." Probably ten days afterwards, I met the directors again. Practically all were there, I guess. Mr. Howell and Mr. Slaughter were there. The discussion at this meeting was along the same line as before. The money that was thought necessary to start it was about $5,000, and then increase it as they saw fit. Names of principal dealers were written out as in Exhibit 2. Mr. Beakes wrote it out, and said it represented 98 per cent. of the New York milk industry. Mr. Laemmle gave me a list of some of the larger dealers; there were on that list also; including the Sheffield Farms. No, not including the Sheffield Farms but Bordens, Mutual Milk and Cream, Alexander Campbell and Empire State Dairy. (This list was marked Exhibit 3.) Mr. Beakes made the letters opposite the name of dealers, except Sheffield Farms. I called on Mr. Taylor of the Bordens Condensed Milk Co. and laid the proposition before him. He smiled and looked favorably on it and I told him his amount was about $500.00. I was to go back to see him again. He was to talk with others and "he thought this campaign of education would result in the public being educated up to a higher price of milk." I talked with Mr. Loton Horton of the Sheffield-Farms-Slawson-Decker Co. and stated to him what I had stated to others and he said he would see Mr. Beakes about it. I knew it was not a matter to be made public, although very little was said about it. I saw Mr. Conklin of the Orange County Milk Association and stated the proposition to him. He said he would consider it. I told him his share was $100.00. I called on the Standard Dairy Co. Mr. Huterman represented it. I went up to the office of the company and was introduced to the treasurer, and the treasurer signed the name, "Standard Dairy Company." I told him their assessment was $100.00 and he agreed to pay it. I saw the Seiler Brothers at the board-room of the Consolidated Exchange. Mr. Seiler seemed to think well of educating the public to a higher price of milk. He seemed satisfied, as did all of the six first persons. "It was a unanimous proposition so far as the six were concerned."

Q. Well, was the value of milk as a food, or the advancing of the price the more important subject of the conference? A. The object was to exploit the dietetic features, as well as the other features of the milk and then show how good it was and everything like that, and then the public would be in a receptive shape to take and pay more for it. That was the object to take and have them in such shape that they were ready to take and feel pleasant and pay for it and more.

Mr. Laemmle of the Laemmle Dairy Company agreed to it. I asked Mr. Beakes, he being the principal one, to start the list so that I could go straight ahead. I saw Mr. Cavanaugh of the Mutual Milk and Cream Company several times. He seemed to think well of it. I stated to him the purposes, the same as to others. He said he would take it up with the directors. The people generally said "They would see Mr. Beakes." "Mr. Beakes naturally had started the thing and Mr. Beakes was known among the milk trade as being one of the brightest men in it, and one of the best men in it, and one of the solidest men in it, and a man who had done things in the milk trade and for the milk trade." Some of the milkmen spoke unfavorably of the plan, such as Mr. Campbell. I called once, but did not come back, at the Leadman Dairy Company. I saw Mr. Sam Levy and he said he would see Mr. Beakes. All the dealers that I had seen expressed themselves favorable to it. I saw Mr. Law of the Briarcliff Farms. After putting the matter before him, he thought it would be a good plan but did not commit himself one way or the other. He invited me to come again. Mr. Ryan of the McDermott Dairy Company did not commit himself. I saw the Sanford Dairy Company. I do not recall with whom I talked. They were favorable. I saw the T. V. Smith & Sons and one of the Smith Brothers. They thought well of it and invited me to come back. Well, I said, "It ought to be done." I saw J. A. Howell & Company and talked with Mr. J. A. Howell. "He was very favorably impressed with it and said he would go in it." I saw some of the other parties mentioned on the list and some of them I did not see. The period that I worked on this proposition was over two months. In the latter part of the winter of 1909. I saw Mr. Comfort of the Reid Ice Cream Com-

pany. He was in favor of it, but he was in favor of getting more than one newspaper into it. He thought it would be better to have more than one paper publish it. I saw Alexander Campbell in reference to it at his office in Brooklyn. He said he didn't want any advertising or anything done if his name was not on it. If he was paying for anything, he wanted to have his name on or in it. I saw both Rushmores and they told me to come back. I saw several other small dealers and they were favorable. I got the ballot book of the Consolidated Milk Exchange from Mr. Howell of J. A. Howell & Company of Jersey City. He said if I would use that I would get to the bulk of the milk dealers. It was a good reference.

(Ballot received in evidence and marked Exhibit 4.)

Q. Is this movement still on? A. Not so far as I am concerned, no sir.

Q. Why was it you gave up going around and seeing these people? A. Why, I have seen enough to show the newspaper, that the movement was a go. That there was enough evidence to show that it would go, that is, more than one-half of the amount was promised and the chance for the paper to take and 'phone or write certain concerns there and they would see just what they had told me, but they didn't care about being on top of that list. I prepared no article on the value of milk as a food.

Q. Then it was not because of any particular knowledge that you have of chemistry or of the medical properties of milk that you were brought into the thing? A. No, only the coinage. It was simply —

Q. Will you go on with your answer and tell why it was that you gave it up? A. Why, I made these two calls to start this subscription going and I saw Mr. Beakes and I saw the Standard Dairy, and they both signed and I went back to the office and I reported to the newspaper, and I had arranged on a certain commission basis, the same as a free lance, to take that or any other thing and go ahead with it, and I wanted to get my commission, but they said there was nothing doing until $5,000 had been put up in cash, real money. So I could not, after a couple of months work, and things like that — I couldn't see it that way, but even at that I followed it up and saw some of the concerns afterward

and tried to prove that they were there ready to put up their money and the thing could be started.

Q. You dropped it because your commission was not paid? A. Yes, sir, that is the sum and substance of it.

H. Oscar Hale:

I reside at Norwich in the county of Chenango, about 200 miles from New York. I have had twenty-five years experience in producing milk and produced the same up to about twelve years ago. I am now in the feed business. I have a knowledge of the conditions governing the production of milk at the present time from association with the farmers in my county. I have a statement here from one who is considered one of the best farmers in this section. He produces certified milk and his milk goes to Isaac W. Rushmore Company in Brooklyn. This farm is situated on the Chenango river about three miles from the village of Norwich. They keep on an average about forty-five cows. The average cost of producing a quart of milk in 1909 was just about three cents a quart, also taking into consideration the expense of keeping the dairy in condition, which I see he left out of his statement. I think the average cost of production would be about three and one-third cents. From his figures I see that he made a profit of about thirty-five one-hundredths of a cent per quart. Chenango county is a Borden county. The price of milk for the county is really made on the Borden price. They make their prices beginning with March per hundred pounds. They are March, $1.40; April, $1.40, May, $1.15; June, $.95; July, $1; August, $1.25; September, $1.40; October, $1.80; November, $1.90; December, $1.95, January, $1.95, and February, $1.90. I think that the producers should have an average of four cents a quart for the year in order to make a fair profit on the investment. I think if they obtained five cents in winter and three cents in summer, they could make a fair profit. About eighteen years ago two cents was paid for six months and three cents for the other six months and the farmers made money, but in those days feed was costing about one-third of what it does to-day. Most of the milk in my county is delivered to Bordens and the price is made on their price. In the months of June and July Rushmore gave twenty cents a hundred

less than the Bordens, and for November and December he paid twenty cents a hundred more than Bordens, but they average about the same as Bordens. Rushmore had a short form of written contract which the producer signed. Before Bordens came to my county there was only one month in six that they paid as high as two cents a quart, that was about nine years ago, and they never paid over two cents at that time. They have fixed an arbitrarily low price in that community every year when they were able to control. I do not believe that the price of milk could be put up as it is at present and held there with no one cutting it unless there was a combination. I have an idea that Bordens really make the price of milk and the Consolidated Milk Exchange follows them. I presume the Consolidated Milk Exchange price controlled my county before the Bordens came there, except the section that Rushmore had. I have supposed that there was an agreement among the Consolidated Milk Exchange members that they would not pay more to the farmer than the price that was fixed by the board of directors of the Exchange. That was the general understanding among the farmers in my section. I have no personal knowledge that would lead me to believe there was a combination among the dealers of New York to raise the price of milk from eight to nine cents a quart on bottled milk on or about November 1, 1909, except from the fact that they all raised it at the same time, the same amount on the same day. As to the situation under which the producer is paid three and one-third cents on an average throughout the year for a quart of milk, and the middle man is paid five and two-thirds for delivering that milk to the consumer, I think that comes from the fact that the middle man makes the prices both ways. He makes the price to the producer and also to the consumer, the consumer and producer having nothing to say about the price. I do not know of any other way in which the middle men could control the price except by getting together. I consider five and two-thirds cents a quart that the middle man obtains as exorbitant when compared with three and one-third cents a quart to the producer, that is, with the amount of work that each does and the amount invested. I think by running milk through a separator you make it cleaner than by

running it through cotton cloth. The separator will take out more dirt than is possible in any other way. I had one year's experience with selling milk before Rushmore came to Norwich, and they did not have any separator but they set their night's milk and skimmed it, and the morning's cans were filled up two-thirds full and the skimmed milk put in. I have seen them do that. Farmers in the west to-day are getting four times more for their corn and wheat than they did a few years ago, which may make the cost of producing milk more than it was at that time. There used to be co-operative creameries in my section but the large dealers have driven them out, although they are beginning now to build co-operative creameries again. The Bordens have bought up a good many in our county. When they buy them up that shuts off all competition. I think that the farmers in my county that are selling to Bordens at their prices are about selling at cost. I think the price for the winter months is nearer right than the price for the summer months. I think a man that has a good dairy of winter cows can make more money during the winter months at the price they are paying to-day than he can for the summer months. I got a man that had a dairy of eight fresh cows for the last month. His check was $177, as he got the extra twenty cents at Rushmore's shipping station over and above the Borden price. He had eight cows and his feed cost $37.20, and I figured his hay at $16 a ton, and allowed thirty pounds per cow a day, and that left him a balance of $81 for profit for his own labor. This hay he did not raise. He cut the hay on shares, so he had to charge that up whatever the hay was worth. That left him a profit of $10 a piece on those cows, after feeding the hay and the grain. I do not think there is a flush of milk in my locality at the present time. I account for the flush of milk in New York by reason of the fact that the price was raised. I talked with Rushmore the other day and I am of the opinion from what he said that all the dealers in New York are going to return to the eight cent price on the first of April. Milk was worth in the six months last summer forty cents a hundred above Bordens' price to make up into butter and cheese, and if a farmer would establish his creameries generally he would have a means of establishing competi-

tion until some one could control the cheese market together with the milk market. There would have to be a combination between the butter and cheese people and those controlling the milk market in order to eliminate competition so far as the farmer was concerned, and there could be no agreement in that way if these cheese factories and butter factories are run upon the co-operative plan and the farmer got just what the milk would be worth in butter and cheese. As I understand it the Consolidated Milk Exchange is a combination of dealers in New York, and the Exchange price means that they will give just so much for the milk for that month and no more, and they make the price once or twice a month as they see fit. It is a disadvantage to the farmer.

Q. Will you state why it is a disadvantage? A. Well, I can remember when the large part of the milk was purchased from Dutchess county, down the Harlem road to Orange county, and at that time a man had a dairy of forty or fifty cows, he could go down to New York and sell his milk and get a good living price. He made the price. The dealer down there paid him his price. Well, he had nothing whatever to say about it to-day. He has got eighty cows and the Exchange makes the price for a certain month, he can take his milk or he can throw it in the gutter. He is under their control. He has not a word to say about it. I think the result for the farmer under the present system is very bad.

BENJAMIN S. HALSEY:

I am second vice-president of the Sheffield Farms Slawson-Decker Company and have been such for about three years in April. I have been a director since the incorporation of the company. Only as one of the directors, I might be called upon to pass the question of fixing the price that my company will charge the consumer for milk. I was not consulted at all in reference to raising the price of milk on or about November 1, 1909, from eight cents to nine cents a quart. Mr. Horton had charge of that entirely. He afterward referred it to the directors and it was approved. I think the matter was discussed informally in September, whether it should be done October first or not, on account of the increased price to the producer. I don't remem-

ber coming to any definite conclusion. There was no suggestion that we attempt to co-operate with any dealers to raise the price of milk. I don't know any of the officers or directors of Borden's or of the Mutual Milk and Cream Company, except I used to know Mr. Hannahs, of the Mutual. I know Mr. Beakes of the Consolidated and Mr. Jordan, Mr. Smith and Mr. Laemmle. I have met one Harrison. The Dairymen's Manufacturing Company I know as a corporation. I know L. L. Campbell.

Louis A. Hamilton:

I reside at the Plaza hotel and am a director of Borden's Condensed Milk Company. I have been a director since 1902. Never been an officer of that company. I take no active part in the management or the conduct of the company. I attend the meetings of the directors, but was not in any meeting during the month of October, 1909. I don't remember any discussion that took place in the meeting of the board of directors in reference to the advisability of the necessity for raising the price of milk on November 1, 1909. I know of no agreement between my company and the other companies to raise the price of milk at that time. I never talked with any one in reference to advancing the price. I know Mr. Harrison of the Consolidated Milk Exchange. It is about ten years since I saw him. I don't know any one connected with the Sheffield Farms Slawson-Decker Company or with the Mutual Milk and Cream Company. I know nothing about standardizing the milk with the separator and never heard about a campaign of education to educate the public in obtaining higher prices for milk.

Webb Harrison:

I am in the creamery business and reside at Middletown, N. Y. Have been in business six or seven years. We run creameries and buy the milk from the farmer and sell it to the retailer, or what we term wholesale and retail. Might be called jobber. I also have a creamery in Seward, in Scoharie county, and one at Rome, N. Y., and one at New Centreville, N. Y. Our milk is sold at the platform f. o. b., and consigned to the people here or wherever we sell it. Sometimes we sell in Albany and various places. We take the milk in at a creamery and either bottle it

or ship it in cans, as we can get it, and sometimes in a flush of milk, we make cheese or butter or cream, whatever we think is the most advantageous to us, when we have more than we can sell. We average per day about 150 to 22 cans. I am a stockholder in the Consolidated Milk Exchange and have been for six or seven years. I was a member of the old Milk Exchange, Limited. I have been an employee of Borden's, that was eighteen years ago. I actually attended meetings of the stockholders or directors of the Consolidated Milk Exchange at 6 Harrison street. The annual meeting was held in New Jersey. I should say the real object of the Consolidated Milk Exchange was to fix the values and talk over the general conditions of the market, the same as any other Exchange. Explaining just how we use the values fixed by the Consolidated Milk Exchange in our business, I would say at the time the monthly meeting which we know, we always rather keep tract of them, and after the meetings we find out if there has been any change, by telephoning to one of the directors or otherwise, and then we send a notice. The way I do, I send a notice to the creamery which will read, "We will pay, starting from this date until further notice, so much a quart, so much a can, so much a hundred, as the case may be," and that is based on the price as fixed by the board of directors of the Consolidated Milk Exchange. I am buying milk at the present time at all my creameries at values established by the Consolidated Milk Exchange. If a farmer should come to me and said he wished to deliver milk to me and wanted to know on what basis it would be delivered, I would say, "I will pay you Exchange price." In some cases, if he was situated near Bordens he might want to base his on Bordens price, and if we agreed on that, we would do it. I think Bordens and the Exchange price will average about the same. Bordens is made every six months and the Exchange price is made at regular meetings, as I understand, of the board of directors for that month, and if they think a necessity for a change arises during the month, they have a special meeting. I am a subscriber to the Milk Reporter. Yes, there are other bases of selling except the Bordens and Exchange prices. There is a manufacturer's price, which cuts quite a figure sometimes for butter and cheese. I

mean a manufacturer who is located in the milk shipping territory, especially in the northern part of the State, where you are located next to the manufacturer, you have got to consider him in your price. When cheese is very high you have to pay more; you have got to get above your Exchange price. If it is low, you get a little below, you follow him. I should think there is about as much milk bought on the Bordens price as on the Exchange price, if any, a little bit in favor of Bordens. I would say that more than 90 per centum of the milk sold to retailers of New York city is sold at either Bordens or the Exchange price. Bordens price and the Manufacturer's price is always considered when fixing our value. Accounting for the fact of the raise in price from eight cents to nine cents for bottled milk was made on or about November 1, 1909, as I understand it; Borden gave out their notice about three days in advance, and the rest were all ready to take advantage of it; they knew if Bordens put their signs out there wouldn't be any cutting under and taking the other fellow's trade, as it were, so everybody fell in line. It would seem to me as if Borden really has the power to raise or lower the price of milk in New York city on account of its vast business and could compel other dealers to follow the lead. I advanced my price to retailers on November 1st one-quarter of a cent per quart. I think that is it. I am getting one-quarter of a cent a quart more for my milk than I did the same time last year. Our expenses are more, the care of milk principally; the requirements of the Board of Health, and caps and various other things that we have to use. For bottled milk I am getting five cents at present, f. o. b. cars at the station. The retailer to whom I sell the milk has to pay a little over a cent a quart for freight and about a cent a quart for delivery. The bottles are supplied by the dealer to whom I send milk. In the months of May and June all over five cents that the retail dealer gets would be profit. The retail dealer has got to take into consideration also the bottle, which costs seven cents, and a bottle will only make ten trips. In one sense of the word, it costs the large dealer more to deliver the milk than the small dealer. The average small dealer usually runs a little store and he connects it all up together, does all of his own work, and in this way runs his busi-

ness a great deal more economically; has no bookkeeper or any office expenses. I should think that in the months of May and June, that all above six cents a quart that the retail dealer gets would be profit, including bottles and breakage. At the price I am selling now, five cents, and adding a cent for freight and a cent for delivery and a cent for breakage, that would make eight cents a quart, and if milk was selling at nine cents, it would give a cent a quart profit at 12½ per cent. I suppose I am a member of the Milk Dealers Protective Association. Their principal objects seem to be to pick up cans and get them back when they go astray. I am not interested in that, because I ship my milk from the factory. I pay dues to this society according to the number of cans as I ship. About fifteen cents a can. G. C. Weatherhorn is secretary. They used to send a letter out for these dues. The last letter I received was some time in July. I was then treasurer of the Castleton Dairy Company and the letter is in their files. The checks were made out to Weatherhorn. The Castleton Dairy Company is located at Middletown, N. Y. In reference to the dead wagon, I have heard talked, that if a fellow was cutting in on another man's trade, they would have this man on a dead wagon go around and see him and see if he wouldn't stop it, and then if he would not stop it they would send this fellow around to deliver to customers at a cheaper price and cut in on his trade. That is the way I understood it and that is only hearsay. I have heard that there have been lots of milkmen's horses poisoned. As to why the New Jersey Zinc Company is a stockholder in the Consolidated Milk Exchange, I think that would be ancient history in the milk business. When the milk business was consolidated they offered one-half of the stock to the farmers. At that time the New Jersey Zinc Company was quite a large producer of milk, and I have forgotten the gentleman's name, although I knew him at the time, he subscribed for this stock, and he, I think, died or went out of business, and the assessment has never been paid against the stock. That is the way it came to stand in their name. At that time the New Jersey Zinc Company was engaged in the milk business. They had a large farm and the manager of that farm took the stock in the name of the New Jersey Zinc Company. That was in 1894 or 1895, when the reorganization was made. At the

time the Milk Exchange, limited, was driven out. At the reorganization they offered half of this Exchange stock to the farmers, and they did all they could to get the farmers to subscribe for one-half of the stock. Yes, I have attended meetings of the board of directors of the Consolidated Milk Exchange at which they fixed the prices of milk. They called the meeting to order and then they would take an informal ballot what they would deem the value of milk at that time, and then they would call up the informal ballot, and then they would go around the table and ask each one their opinion. Some would give one thing and some another. One wanted it down; he had been in the country and there was a big lot of grass, etc., and manufacturing conditions were so much and all those things; and if he wanted to raise it and the conditions were different, he would tell his opinion, and that is the way all the way around, and then they would take the formal ballot. You could not keep cream as long in the country as you could in some of the freezers in the city where they have a regular refrigerator. There it is possible to freeze it and as long as they keep it frozen it will be cream, but it does not go out in the shape that you can use it for anything, only manufacturing purposes. I don't think they keep cream two or three months. They probably put the cream away in June and use it in July and August. The difference in price of cream in June and August would probably be $1 a can. For those two months there might be a charge of thirty-five or forty cents for ice. I know of some of the ice cream dealers that do it. The Weed Ice Cream Company does it. I think that practice would be confined largely to the ice cream people. I believe that Borden's price was always taken into consideration in fixing the Exchange price. I don't know of there being any agreement among the milk dealers previous to the 1st of November to raise the price of milk. From my knowledge of the milk business and the general condition of the milk business, I think that Borden's is in a very much more advantageous position to handle milk and not lose anything, than the small dealer in the flush of the season, because when there is a flush of milk they sell what they can and what they can't they can, and as condensed milk, it brings the price. If at their bottling plants they have a surplus of milk they draw it to the condensing plant.

They have a certain plant at Middletown, they are drawing in there two or three or four hundred cans of milk a day. Regarding the conditions under which the Bordens are able to fix a price six months ahead which comes very close to what the Exchange price is for those separate months, Bordens go into all the details, they think they do, for six months, and then, of course, the Exchange from time to time fixes their value of milk, and sometimes it is a little less and sometimes a little more, but on the whole it comes out about the same for the year. I don't know any reason why it does, only the value is about right. I should think that would follow from the fact that Borden's prices have so much weight with the general market that the Exchange is practically bound to follow the Borden's very nearly. If you don't get your price pretty near Borden's why the next contract day the farmers all go to Bordens.

MILK STORE.

TONE HELFAND:

I reside at 1332 Park avenue, Manhattan. I have a milk store. I bought milk from Liebermann first, then I took from Miller Brothers. Now I take from Liebermann. I know Blefford. When I took from Liebermann I paid $2.20 a can. Then Miller came and I gave him $2 a can, and after that came Blefford. I buy from him three cans for $1.80, and after I see it is a fake business, I don't buy any more. I buy from Miller. Blefford said when he offered milk to me that it was a new company from the country. The reason I knew Blefford was a fake business was because everybody told me the same. Said that Blefford was from Liebermann, from the old company. There was no name on Blefford's wagon. He said he was a new company. Liebermann belongs to the Wholesale Milk Dealers Association. He wanted me to go out to a lawyer and sign a contract. I did not sign the contract. I don't know where it is. I did not want to buy from Blefford even if I could get it for $1.80 a can, because I don't like the Liebermann corporation. Before I am buying $2.12, and after they give it to me for $1.80. I see the fake business.

FRED H. HERKSTROTER:

I reside at 556 Madison street, Brooklyn. I was in the milk business about two and one-half years ago. Previous to that I had been in business for about thirty years as an individual. At the last place of business I was in the High Ground Dairy Company. I sold out my part of it to Watson. I have been a stockholder in the Consolidated Milk Exchange for about six or seven years. I bought the stock. I was not a stockholder in the old Milk Exchange, Limited. I have never been a director or officer of the Consolidated. I have never been an officer, stockholder or director of the Sheffield Farms, Slawson-Decker Company, Borden's Condensed Milk Company or the Mutual Milk and Cream Company. Of course, when I bought the stock I expected to always know the price of milk without having any difficulty about it. If it wasn't for the Exchange, everybody made his own price. Sometimes I followed the Exchange and sometimes I didn't. I used to get a postal card from the "Milk Reporter." I take the "Milk Reporter" too. I paid $20 a share for my stock. There might be a feeling of loyalty among the members of the Consolidated Exchange by which they would not go into each other's territory and compete against each other. There wasn't this feeling of loyalty in my time. I think the Bordens and Exchange prices average pretty near the same year in and year out. I was never a member of the Milk Dealers Protective Association. I don't know anything about Blefford. I have heard about the dead wagon. I hear in a general way that he tries to obtain customers by meeting the other man's price or underselling him. Yes, I know of the raise in price from eight cents to nine cents, but I don't know anything about any agreement among the dealers to raise. There was a great deal of talk about it, of course. There was some talk about a meeting that Lote Horton and Rogers of Borden's and Beakes of the Consolidated Milk Exchange had over in Jersey City. I heard that the gentleman just said to me that he was going to have the meeting and the price of milk was going to advance. I don't know the man who told me. I heard they were going to have a meeting three weeks before they had it. The High Ground Dairy Company raised the price to nine cents on November 1st. I know

Mr. Beakes of the Consolidated very well. I also know Mr. Laemmle and Lote Horton, but I never discussed it with them. It was some milk man that told me about this meeting but I cannot remember his name.

DAVID S. HORTON:

I am secretary of the Sheffield Farms, Slawson-Decker Company, and have been such since the spring of 1905. I am not a director. I look after the advertising and figure up the farmers' accounts each month. When the price raised from eight cents to nine cents, I was the one that ordered the cards. My father gave me directions to order the cards. I ordered the cards the morning that Borden put the notice out. I think that was Saturday, the thirtieth of October. They were distributed Sunday morning. I do not know the officers of Borden's or the Mutual Milk and Cream Company, except that I used to know Mr. Hannahs. Early in the spring I went down to see him about poisoning the horses. I never had any discussion with him in reference to the contemplated advance in the price of milk. I know most of the members of the Consolidated Milk Exchange.

LOTON HORTON:

I am president of the Sheffield Farms, Slawson-Decker Company, and have been such since its organization in 1902. We have one company here and we have another one in New Jersey. The New York company owns 95 per cent. of the capital stock of the New Jersey company and the funds all come to this company. The profits that are made we put in the treasury of this company. We own the real estate of the Jersey company and we have a certain number of wagons that we keep there nearly all the year round. In the summer time, we send our horses from this company down to that company to operate our business through the summer, and send our men; for instance, when our trade drops off here we move our horses to the seashore, as we call it, both there and Long Island. The business is principally at the resorts along the coast in the summer time. Fixing our price depends largely upon the conditions in the section where we are, what opposition we confront; for instance, we have opposition on the Harlem road where they are mostly all governed

by the Borden prices; in Vermont, we are in opposition to Boston; on the D. & H. road, we are in opposition to Albany; in Delaware county, we are in opposition to Philadelphia; and out toward Binghamton we have quite a lively opposition, so wherever we confront these conditions, we have to meet them. For instance, if we are in a section where Borden is buying, we pay the producer of ordinary milk about the same price as Borden does, but if the farmer has 1 or 2 per cent. more butter fat in his milk, we pay additional for the butter fat or cream. I think we have thirty-three creameries in all. In possibly half, we have to meet Borden's opposition. We do not have written contracts with the farmers, at least not in over three of our creameries. I tell them that our prices will be so and so and not less than that much. We do not mention Borden prices, but should Borden raise we have a form which we fill out and immediately raise our prices to correspond. We have one creamery where we buy on the Exchange basis in our business. This is owned by the farmers — a co-operative creamery which we lease from them; we have had it two years and we have a price based on the Exchange basis. This creamery is located, I think, at Eaton. It is the farmers' request that we pay Exchange prices. A postal card is sent every time the prices fluctuate, from the "Milk Reporter." Our company is a subscriber to the "Milk Reporter." On the Ulster & Delaware Railroad, we get about seven carloads a day. There we put our own price and our own standard. On the D. & H. we have four or five creameries and we fix the same there. They have a higher grade of cows, and they are willing to come in and they make a richer cream and we pay for it. Up in Vermont we have opened up — that is a butter section. We try to get into butter sections as much as we can. Where you find the butter market, you find a richer cream. They keep the Holsteins out. We offer an incentive to the farmer for his butter fat that will pay him more than the value of the butter, and we buy on that basis. For instance, this month's milk might be 4 2/10 per cent. butter fat, and in two or three months his cows slack up and his milk will run up and may get five percent. We pay 3 cents for every 1/10 per cent. butter fat on every 100 pounds. For instance, if

our standard price to-day would be $2 a hundred for a 4 per cent. milk, on a 5 per cent. milk he would get 30 cents advance per 100 pounds for that milk. In Delaware county they produce very rich milk, and they have been very successful. They have worked on that butter fat system ever since the Sheffield farms started. The founder of the Sheffield farms started out on a method of that business and has always paid for that butter fat, and I believe that the farmers who have followed out these plans have been the most successful farmers in producing milk anywhere, in this State or any other state I have ever visited. In arriving at our own standard price, we submit a price ourselves and agree on a certain price six months ahead, send it up to the farmers; they read it, and if they are satisfied with it they bring us the milk and if they are not they take it to a co-operative creamery of their own. The price is made for six months. We have a different price for certain months. We have to be governed a great deal by fighting the butter market. Philadelphia pays more for butter than New York does and the big operators go in there. They put up creameries and this butter is put up in prints, and they get two or three cents a pound more, and we have got to compete with these people to keep the farmers under the restrictions that we have, to make it an incentive for them to bring us milk instead of going to the Philadelphia market. That is one of the hardest competitors that we have. The price that we fix is talked over generally by all the Board of Directors, and particularly with those having the milk department in charge. Bordens have a creamery about eight miles from us in a place called Delhi, and their standard at present is $1.90 per hundred for 4.1 per cent. butter fat. Our price is $2.10 for 4.5 per cent. butter fat. At our standard, we pay $1.98 per hundred for 4.1 per cent. butter fat. We charged eight cents a quart for bottle-milk until October 1, 1907, and at that time we raised it to nine cents and continued until the 1st of March. Then we reduced it to eight cents and continued at eight cents until the 1st of November, 1909, and that has continued down to the present time. We are to reduce the price to eight cents on the 1st of March. We raised it the 1st of November to put it on a paying basis. We lost money in October. Our fiscal year com-

mences the first day of March. We think we made money every month in the year 1909, starting from the 1st of March up to September in our whole business, our seashore and everything. In New York city, through the months of July and August, on our business from One Hundred and Tenth street, and in fact about all of the island, we will say from Twenty-third street we are divided into three districts. From Twenty-third to Forty-second street, the lower end down here; from there to One Hundred and Tenth and from One Hundred and Tenth street up. On Manhattan Island above Twenty-third street we lost money in July and August in that branch of the business. Now, in this section, we made money through the summer; we have a great deal of office trade, and we sell a great many pints at five cents, that is remunerative. Now, in the Bronx, I think we made money in July, as I remember it. In August, I think we may be $500 one way or the other, something like that. I can't remember. And in Brooklyn in August we lost money. But our seashore business, we sell a great deal, we do a great business in the seashore, where our sales are possibly from thirty to forty thousand quarts a day; possibly a couple of thousand quarts of cream; we sell that milk from nine to ten cents a quart, except special milk, and we sell that from fifteen to twenty cents. In the winter time I think our sales are about 75 per cent. household, and 25 per cent. that we charge ten cents or more. In the summer time I think 50 per cent. of our milk is sold for nine cents or more, that is, in the months of July and August. That is because the cost of delivery is more at the seashore. We deliver nothing but Delaware county selected milk at the seashore. That is ten cents. That is the same milk that we sell here the year round at ten cents a quart. I consult with my two sons, D. S. Horton and C. T. Horton before putting up the price. On October 30th, on the morning when he came back from loading the wagons he came in and told me that the Borden people had advanced their prices, were going to advance them the following Monday; he came in and said, "Here is a card," woke me up about 6 o'clock when he got back from loading the wagons; so after breakfast we were talking about it, and the boy said, "When are you going to put up?" I said, "You will have to get the cards out as

soon as you can," and he called up the printer and said he could get them out so we would be able to get them out on the Monday following. We went up the same day Borden did. I had talked this over with members of the company previously and we thought about putting up the price the 1st of October, but we didn't think we better raise it the 1st of October. I am a member of the International Milk Dealers Association which includes dealers in milk in practically every city in the United States, and we had a meeting in Milwaukee, and we all discussed milk business, and then I went pretty thoroughly over the milk business all through the west,— different dealers to get idea and to see if I could find anything or any method where I could maintain my standard and do business with less expense than what I am operating to-day. We always kept an eye on opposition. I don't know the officers and directors of Borden's Condensed Milk Company. I know only Mr. Hannahs of the Mutual Company. I talked with Mr. Kavanaugh over the 'phone about six weeks ago, but I have never met him. We didn't discuss the price of milk. I know most of the members of the Consolidated Exchange.

(See testimony, page 3395.)

I never had any conversation with Mr. Beakes previous to November 1st in reference to raising the price of milk. I know Mr. Cochran, head of the Route Department for Bordens. Our company has never been represented directly or indirectly in the Consolidated Milk Exchange. Our company is not a member of the Milk Dealers Protective Association. We use the separator in some of our stations to make cream, either to ship to New York, or to make butter. We do not use the separator to standardize milk, that is make it 3½ per cent. butter fat. I suppose that we are the originators of cleansing milk through Sea Island cotton; we use cheese cloth and Sea Island cotton and let the milk go through and filter it that way. Of course, clarification is a good thing in some ways. I believe in bottling milk as near to the consumer as possible, because, by having good help and scientific, practical men, I discover all imperfections before it gets to my consumer. While it costs more money to build these plants the way we build them it is an advance in the Twentieth century, the

same as in the Nineteenth century, when we started bottling milk. Certified milk is a milk where you have to have a building that is built practically on the style of a conservatory, the cows must be tuberculin tested; their hair must be clipped around their udder, their tail; these cows, must be washed twice a day, and in hot weather and when it is dusty, the room must be sprayed before the cow comes in. The farmer must have a building built where he can sterilize the clothes; hot and cold water where they wash their heads and pare their nails and use vaseline to take milk from the cow, and the first tablespoonful must be milked out of each teat; these cows' udders should be cleaned until there is not a stain on the udder, to the very finest, and then it must be drawn from the cow with the most care from bacteria. You take a plate and hold it up here in the room and you would find thousands of them on a small piece of plate; and that has got to be put into a room where the room is closed down and boiling water, and the cans must be sterilized with steam 250 degrees, bottles must be sterilized, milk sealed, must have a hermetical seal on it, and goes straight from the man that produces it to the door; and they get all the way from eight cents to thirteen cents a quart f. o. b. shipping station, and we furnish everything but the cows and the milk. We charge anywhere from fifteen cents to twenty cents for that milk. Probably 95 per cent. of the milk we receive is not over thirty-six hours old. We spent $11,000 to hermetically seal milk at the rate of two bottles a second because we give a safe milk and we must do something that nobody else does. I do not remember about any one coming to me in regard to a campaign of education that had for its object the educating of the public up to paying a higher price for milk. I have some figures on the relative value of skimmed milk and unskimmed milk which I obtained from Mr. Olsen, of the Polytechnic Institute of Brooklyn, showing you why I object to bringing skimmed milk in the city and using it for food. Milk can be obtained in the stores at 6 cents a quart, testing from three and four-tenths to three and six-tenths. Now it would take four quarts of milk to sustain a man for a day. I lived on it myself for four weeks and did as much work as I ever did in my life. In order to live on skimmed milk, you would have to buy nine quarts of it and it costs three

cents a quart at the store, making a total cost per day of twenty-seven cents. Therefore, skimmed milk is going to cost you three cents more than pure milk. Now, why would you bring skimmed milk in the market?

(See pages 3444, 3445, and 3446 for relative food values, and cost per day; see also pages 3449 and 3450 of testimony.)

ADOLPH HUTH:

I live at 150 Freeman street. I am manager of the New York Dairy Produce Company of 155 Freeman street. I am an officer and director. I am treasurer. I attended a meeting in Williamsburg. I think it was the 1st of November, at Lorrimer and Ten Eyck streets. I think it was six or seven days after the 1st of November. A Mr. Wierk, president of the company I work for, asked me to come. He said they were going to discuss on the price of milk to the consumer. Mr. Oher of the National Dairy, Mr. Ryder, and one man from the High Ground Dairy Company were there. I got there late but I think there were about ten or twelve men there. Mr. Lieberman was acting as chairman. When I got there I did not hear much that he said but they were talking about raising milk from eight to nine cents. Lieberman said he thought it would be a good thing if they had a uniform price. Oher said he would raise providing everybody else would raise. So far as I know the majority came to an agreement to raise the price to nine cents. I did not raise. Wierck said he would like to raise my company to nine cents. I told him I could not raise it to nine cents. Ryder, the National Dairy Company and I were the only ones that did not raise the price. We are in a poor neighborhood of factory people. The first week in November Chris Oher, Ryder and I met at my office and concluded to raise milk to nine cents on the 15th of November. James C. Ryder was the first to break the agreement. He told me the Saturday before that he would not raise the price. I have been selling all the time at eight cents. I have been able to make both ends meet by taking off a wagon and working myself in between. At the meeting I spoke of, he never referred to it in my presence. Mr. Ryder and Mr. Oher and I agreed to raise the price on November 15th. Mr. Wierck was also present.

MILK DEALER.

GEORGE IHNKEN:

I reside at 194 19th street, Brooklyn, and have been in the milk business since 1873 individually. I have stations in the country located at Sparta, N. J., Stockholm, N. J., Kellam, Pa., and Oquaga, N. Y. All of my business is done in Jersey and New York. I sell in Jersey to other dealers. I don't run a retail business. I am a stockholder of the Consolidated Milk Exchange and a director. Been a director about five years. I have been a stockholder in the consolidated since its reorganization. So far as I know the Consolidated Milk Exchange did not deal in milk, that is, buying and selling milk. At the meetings we agreed on the value of milk. I have attended special meetings of the board of directors to consider the value of milk. I used to get a postal card and the "Milk Reporter" by which I found the values that the board of directors had arrived at. We fixed our prices mostly on the exchange valuations. Pay more or less. I have no contract. When the price goes up or down I post it outside of my dairy. I say I will pay the same as Bordens and on the notice I state we will pay the same as Bordens pay. I don't know as the figures are on. There is nothing binding about my agreement with my customers. It costs on an average to handle one quart of milk from the time that you receive it from the producer until the time that you deliver it to the consumer about one-half a cent for bottling and a little over a cent for freight and about one-half a cent to bring to him. I figure that the milk stands me six and one-half cents when I get it home, that is, at the present time. I sell for eight cents so I get out on the wrong end of the horn when the month is up. I have one wagon that can put out 400 quarts. It runs from Thirty-ninth to Forty-third streets, four blocks one way and three or four blocks the other way. One man will leave eight or ten quarts in a house, and he can do it quicker than if he drives a mile to leave the same amount. I run one route clean down to Fort Hamilton. If I have a great many quarts to deliver in one immediate locality I can deliver it cheaper. I should think that would account for Bordens being able to make deliveries

cheaper than I can, that is, they deliver to a large number of customers in an immediate vicinity. I don't know as I have anything else to say on the subject than if the thing was all under the one head and you could district your routes, you could sell milk cheaper than you do now, that is, make certain districts for one wagon. Right in my street there are five milk wagons go through. Now, one wagon could serve eight or ten blocks around and all of that expense would be done away with. A case of milk, iced, will weigh probably from eighty to eighty-five pounds. By platform prices, the supply and demand would make the platform price. If I was very short and another dealer had a few cans there and he wanted to sell it, he would put a premium on it and I would have to pay it if I wanted it. I take the "Milk Reporter." I am a member of the Mutual Aid Society, the insurance business, that is, I am an insurer. I have stock in the Dairymen's Manufacturing Company. Thirty-three shares. I wish to state that I have never heard of any milk trust and do not know how one could exist. I am simply selling milk at eight cents. I am losing some money on it but I am getting some trade. The reason why I follow Bordens is because I am three miles from one of their large stations, and unless I pay the same as they do I probably would not get any milk. They is competition between myself and Bordens. Whenever the price is dropped to us by farmers we drop it to the dealers.

JOHN JETTER:

I reside at 439 Hudson street, and have been in the milk business for twenty years individually. I receive my milk on the milk platform, Delaware, Lackawanna & Western, Hoboken. I am a member and a stockholder of the Consolidated Milk Exchange. I own five shares. I was a stockholder in the old Milk Exchange Limited. I was never an officer or director. I have attended meetings of the stockholders of the Consolidated Milk Exchange. I don't think I attended its meetings more than half a dozen times since its existence. I guess the last meeting I attended was within two years. The last meeting that I attended was at Harrison street, I believe. That was a stockholders' meeting. Yes, I know it is a New Jersey corporation. The reason

I joined it is, in olden times we used to have a great time about putting a value on milk, and oftentimes this one wasn't there and that one wasn't there, and I thought the people went up the country and knew about the country, and how such things are situated, would be a good thing to have such men there and find out the value of milk.

Q. Is that of any use in your business?

I think it is a good thing to have a standard by which the price of milk can be made uniform. It wouldn't do in business if one man paid a great deal more than another and went out to the country to buy here and there, and in one place he pays so much more than in another place. He couldn't very well keep up with those people who bought cheaper through the country if he didn't know the prices, about the valuation. I always see the valuation in most any newspaper, in the "Journal" or "World" or "Milk Reporter." I would also get postal cards. I buy my milk simply on the valuation that is put on it from time to time by the exchange. I advanced the price of milk on November 1, 1909. I sold to dealers, that is, stores, etc. I don't sell bottled milk. Whatever advance I made about November first was simply the ordinary advance in accordance with the valuation arrived at by the exchange. I am a stockholder in the Dairymen's Manufacturing Company. Own fifteen shares. I buy my milk from creamery men.

CHARLES E. JOHNSON:

I have a farm which I work, located at Goshen, N. Y. I have been a dealer and have produced milk since 1872. I own forty-eight cows and produce on an average of about three hundred and twenty quarts per day during the present season. It would hardly average that the year round; I produce more during the months of May and June than during the other months. I own five shares of stock in the Consolidated Milk Exchange. My shares of stock came from my father. I derive a benefit as such stockholder as follows: If they vote on the price and two directors of the exchange are farmers, and their vote raised the price, it is a benefit to me and their argument ought to be of benefit to me as it would raise the price. I sell my milk at prices

that are fixed by the board of directors of the Consolidated Milk Exchange. I have sold my milk in this manner ever since the Consolidated Milk Exchange was organized. This price is published in the local paper. There are seventeen directors, two of which are "Simon-pure" farmers. I never attended any meetings of the board of directors or of the stockholders. I sell my milk to the Orange County Milk Association. I make agreements for the sale of milk in March and September, said agreement being in writing, and in which they require us to conform to the rules of the board of health and then agree to pay us the exchange price. I suppose every man in my locality that sells milk to them has a similar agreement. The cost of production consists of repairs to farm, cows to keep in shape, labor of producing feed, and fodder. The exchange always paid the exchange price, never any more, that I remember. The prices fixed by the Consolidated Milk Exchange for the year 1910 average in the neighborhood of three and one-half cents a quart. At that price, I did not make much profit. When the price of milk was raised the first of November by the dealers of New York city (bottle milk from eight cents to nine cents) I did not get a proportionate advance in the milk that I sold to the Orange County Milk Association. I got a raise of one-quarter of a cent on the 23d of November. It costs me, at the present, about one and one-half cents to produce a quart of milk, that is, only for the feed bill; that does not include help or any recompense for my service or the value of the cow. I could not tell just what it would cost to produce milk at a fair profit. I believe there is more money in selling milk at four and one-quarter cents a quart at the station than there would be in manufacturing it into butter.

JOSEPH V. JORDAN:

I reside at Newburg. I am a milk producer and a dealer in milk, cheese and dairy products. I have been a milk dealer for twenty-one years in a corporation — the Hudson Valley Dairy Company. I am its president. It is incorporated under the laws of the State of New York, with a capital stock of $60,000. I own the majority of the stock. I think we paid 10 per cent. in 1907; I think in 1908, we paid 10 per cent; I think we paid more in 1909 than we did in 1908 — about 12 per cent. I own

quite a number of creameries in the country. We have one at East Fishkill, Dutchess county, Brinkerhoff, Dutchess county, Walden and East Walden, Orange county, Plattskill, Ulster county, and at New Kingston, Delaware county. Those are the only ones in operation. We have some that are not in operation. I was not a member of the old Milk Exchange, Limited. I am a member of the consolidated. I bought my stock about ten years ago. I don't know how much stock I have, as I have bought some from friends since. I was a director of the consolidated. I have not been to a meeting in the last year. I did not attend the meetings. I do not see what use the exchange is any way. In my judgment, milk would not vary one-eighth cent a quart whether the exchange existed or not. I have never been an officer or director of the Bordens, Sheffields, or the Mutual Company. Never interested in any way. The resolutions adopted were similar to the one on November 28, 1906, which was read from the minute book. My farm is one of the largest in the state — 3,000 acres. I think the exchange valuation at present is four and one-quarter cents. That is what is published. We are paying that price at one of our creameries. At another, we are paying four and one-eighth cents; at another, four cents and in some places we are paying five cents. I am a stockholder in the consolidated. I saw the exchange prices in various newspapers. I used to take the "Milk Reporter" but do not now. Most of my milk is sold in Newburg and the immediate vicinity. I think Mr. Laemmle is secretary of the consolidated at the present time. I do not sell any bottle milk at wholesale unless it is a case or two occasionally. We use the separator in one place in Delaware county. We make cheese of the skim milk and the cream is sold. I never used a separator for purifying the milk. I think I received a dividend at one time on my stock in the consolidated three or four years ago. Probably 6 per cent. — I do not remember. The consolidated held some real estate. It derives its income from the rentals of the real estate, and dues. I do not know what my object was in becoming a stockholder and member of the Consolidated Milk Exchange.

(Witness is shown the minute book of the special meeting of the directors held November 19, 1908, which reads, "Special

meeting was called at the request of Messrs. Howell, Hunteman and J. V. Jordan," and witness says:)

"I don't believe that the minutes are correct, because I don't believe that I was a party to any call, because I had taken so little interest in late years." If cream is iced, it should be fresh three or four days or a week. We sell some cream. It is shipped by rail and boat. I think the freight rate by boat is thirty-two cents — twenty-six cents by rail. I think we shipped about 10 per cent. or 15 per cent. of our milk by boat this summer. The freight on the boat is paid by the consignee. Our price is f. o. b. shipping station by rail. I do not control the making of the contract for freight. My milk comes down by the Central Hudson Steamboat company. It stops at Cornwall, West Point and Highland Falls. There is a flush of milk in my locality at the present time. I have 119 cows. We have a surplus at the farm and also where we buy in the different places. It costs me more to produce milk than most anybody else because it goes to the United States Government from my farm. We are under contract to produce it in a very cleanly manner and use extra precautions; for instance: I have two men every day in the stable cleaning the cows, grooming the cows, and all those expenses run up into money when you produce milk. Everything is made very cleanly for the Military Academy. I have no idea what it would cost the ordinary farmer to produce a quart of milk. My judgment is that the proper and fair way to buy milk is on the butter and cheese test.

JAMES J. KAVANAUGH:

I am president of the Mutual Milk & Cream Company. I have been such since this last April. I have been a director about three years. I was a driver for the company once. I was foreman of one of their departments for a while. We have three different prices which we pay the producer. Some we pay Bordens price, some we pay exchange and in some places we pay independent prices of our own based upon what we think milk is worth. I think we have thirty-five creameries, the greater part of them are located in New York State. I think Bordens price rules in half of the creameries, exchange price in about a half dozen, and the balance our own price. We base our prices on the

butter and cheese market. That particular part of the country is a butter and cheese country, on the Rutland railroad and on the Rome & Watertown, and I think we have paid higher prices than exchange and Bordens. I do not believe there has been much difference in the exchange and Borden's prices in the last two or three years. I find the exchange price from the "Milk Reporter." They generally send a postal card around. I subscribe for the "Milk Reporter" and pay twenty-five cents extra for the postal card. When we receive the postal card we send a notice to the creameries that the price is that much higher or lower until further notice. We have no representative on the exchange. I don't remember but I believe some years ago some member of our company was connected with the exchange. I think the company was formed in 1898. When I was in the milk business alone I was supplied by the Rockdale Company. They based their charge around the exchange prices. Our company raised the price on the first of November from eight to nine cents a quart for bottled milk. We sold together between 150,000 to 60,000 quarts of milk a day. The retail percentage is small. We are in the retail business about three years. Most of it is wholesale. When I first came in the company there was no retail business. When sold wholesale, we did what the customer wanted. We buy at a stated price in the country but the average store will not buy except on exchange price. The Milk Dealers Protective Association sell so much above the exchange price. Some places when I was in business I got more than thirty-eight above exchange. In majority of cases they buy twenty-eight and thirty-eight above exchange price. During the month of October we discussed the comtemplated raise of the price of bottled milk repeatedly among ourselves. That is the executive committee. This is some time after we put out our winter price. Some contracts for the winter were for six months and some based on a monthly price. At the discussion we realized the fact that if we continue to sell milk during the winter months at eight cents we would face quite a loss, and we also said it was suicide to raise it unless Bordens did. They did not, and they went along all October and sold it for eight cents. We could not raise our price unless Bordens did without losing our trade. I think that Bordens controls 50

per cent. of the retail business. I found out on Saturday that Borden had raised the price. There was a notice on my desk. I had a discussion with some of the executive committee and we got our notices the same day and sent them out on Sunday morning. I told our people that now Bordens have raised their price and there was only one thing for us to do is to follow suit. I did not know at that time that Sheffield had raised the price, but I think later in the day someone called me up and asked me what we had done, and I told him we had raised it to nine cents. I do not know any of the officers or directors of Bordens. Mr. Beakes once called me up on the telephone. I think it was in October and I said to him it looks as though we are going to lose a barrel of money this winter if Borden don't put their price up, and I asked him whether he knew if they were going to or not, and he said he didn't know. I told him we would go up if Bordens went up. I would not swear the Mr. Beakes did not say to me that he was going to see the representative of Bordens in order to advance the price of milk. He may have said it; I do not remember. He did not say anything about Sheffield at that time. I think the most of the conversation was in regard to cans, buying cans. About the first of October Mr. Van Bomel and Mr. Tuthill of the Sheffield farms came to get some information in regard to some horses that were poisoned on them, and I said to them at that time that I expected the price of milk would go up to nine cents the first of October. Unfortunately it did not. Bordens did not put it up. I said if they didn't go to nine cents you would lose a lot of money. They are the only gentlemen I know of the Sheffield Company. Witness showing list of members of the Consolidated Milk Exchange says he knows C. H. C. Beakes, John P. Wierck, Thomas O. Smith, W. B. Conklin, Webb Harrison, Chris Vagts, Slaughter and M. L. Sanford. We have no representative on the Consolidated Exchange, but when we did have one it was John Kroos. We bought the Sanford business and I believe we requested them both to resign shortly after we bought the business. That was about three years ago. I think Mr. Kroos was president or vice-president and he was also a member of the exchange. He is still connected with our company. He manages one of our branches. He is no longer a

member of the Consolidated Milk Exchange as I know of. My company belongs to some insurance society but I do not know the name of it. We bought Mr. Sanford's business and we had no further use for him, and I believe the board of directors decided to let him go, and in the event that they wanted his services, at any time, paying him at the rate of five dollars a day. If we had a customer that we bought out from him who was dissatisfied, and we had some trouble and were going to lose them, we would send for Sanford and he would straighten it out, and he is living in a central location, around Warwick, and whenever we want anything done in those places it is cheaper to have Sanford do it than to send a man from New York. I was not aware that Sanford was a member of the consolidated until I saw his name. We did not authorize to go around and see milk dealers in reference to any agreement to put up the price of milk, and he never did so to my knowledge. My company is not a member of the Milk Dealers Protective Association. No officer of our company belongs to it. About last April or May, shortly after I came into office as president, the Milk Dealers Protective Association sent word to me through Mr. Arnstein that they would like us to join their association, which they informed us was a can bureau and social organization of the milk dealers, and they said a great many of the dealers in New York and Brooklyn belonged to it. I refused, and so Mr. Arnstein said afterward we ought to belong. It wouldn't hurt anything. I said "All right, Arnstein, you can join this association, but we won't join it as a company, and we will pay your dues whatever they amount to," and he did, and he belonged to it until along about the 1st of November. I remember in October I told him to resign — that he was losing too much time attending the meetings, and I told him to resign and I think he put it off until probably, the fifth, sixth or seventh of November, and then he wrote them a letter and I told him he better register it and get a receipt for it, and he has done that. Mr. Arnstein told me they were more of a social organization than anything else. They wanted to get up some system of collecting our cans. They also wanted to make some kind of a protest against the law in Albany whereby we were fined for milk containing less than 12 per cent. of solids, where the cows

gave it, which of course, we were. We established a price of thirty-eight cents a can above the Exchange price. I never heard that the protective association established that, I may have discussed with Arnstein the advisability or necessity of raising the price of milk. We have often discussed it among ourselves during the month of October. I never heard of Mr. Bleffort. I do not know of the general system among the milk dealers of the protective association to prevent the selling of milk at a less price than they established it. We use separators in several of our creameries for making cream. We make caseine and pot cheese of skim milk — we have a contract with the Caseine Company of America, or one of its subsidiaries. Caseine is used to make buttons and billiard balls. It is a solid of the skim milk separated from the whey, separated from the fresh skim milk by sulphuric acid. I believe skim milk is a healthful food, but to bring it into New York I do not approve. I am afraid the reputable dealer would be at a disadvantage by handling it, but that is the only objection. I believe it is a good healthy food. We never use a separator for standardizing milk. I do not believe that milk containing 3 per cent. butter fat would comply with the law, that is, I believe, 3 per cent. fat and 12 per cent. solids. I would say that all of our milk is less than forty-eight hours old when it is delivered. There might be in the winter time, where it was affected by snow storms, there might be some hardship. The most of our cream comes from the thirty-two-cent zone. We have kept cream where we would have to have a large supply, like in anticipation for the Fourth of July for several days ahead, but not generally. Condensed milk, if it is properly cured, improves in flavor by being a few days old. We manufacture condensed milk in an unsweetened form only. We buy some milk from Canada on the Rutland road. We have to pay a duty of twenty-five cents on every eighty pounds. Then there is $3 entry fee and there is a fifty-cent fee we pay for drawing up papers. We pay this same price for the milk from Canada as for milk from here; if they bring it across they have to pay a duty. If you were approached by some one in regard to the campaign on education, I claim that the milk dealers were abused and pounded by the public in general, and he said that

they were getting up a series of educational articles to let the public know how the milk was produced and taken care of and the cost of delivering it in a sanitary condition in New York, and he asked for some subscriptions toward the matter which I refused. I think he said the Beakes Dairy Company, and I am not sure whether he mentioned the Sheffield Farms. We have some contract for selling milk wholesale for four and three-quarters cents a quart. We lose money on these contracts at the present time. We would not lose money in the summer. All those contracts cover a year. We might make a little profit during the whole year. We pasteurize all of our bottle milk and heat it to 150 and bottle it and ice it and then deliver it to our other distributing plants and deliver it to the customer. Our retail wagons only serve 150 to 175 bottles of milk, whereas a wholesale wagon can sell about sixty cans of forty quarts each, and we average about twelve trips. I know in our business we put in about two carloads of bottles a month. We figure it costs us about one-quarter cent per quart to pasteurize and one-third cent to bottle, and all additional cost per bottle is for delivery. We deliver about 2,400 quarts of milk with a man and two horses in less time than it takes to deliver 160 quarts with one man and one horse. I am a stockholder but I do not remember of any rule whereby stockholders get the milk at five cents a quart. They used to sell it at seven cents when it was eight and eight when it was nine cents to stockholders. I have one condensery located in Pulaski, New York. Our milk is pasteurized in the city. I think that the public would benefit if all milk had to be pasteurized but it would be a hardship to the small dealer. We were experimenting last Saturday and we had our milk tested for bacteria before it was pasteurized, and I think it tested something like 250,000 per cubic centimeter, and pasteurized it and rendered it sterile. I think it is little cheaper to bottle milk in the country than to bottle it in the city. I am a believer in pasteurization. It may be that many of the bacteria that are killed by this sterilization are bacteria that are harmless and are bacteria that kill the offensive bacteria and are thus harmless. I think some time last winter we paid an assessment of $500 to the Milk Dealers' Protective

Association. They wanted some kind of a fund in their treasury. I believe they wanted to fight this law, this 12 per cent. solid law, where the cows did not give it. Mr. Arnstein explained that to me. I think Mr. Arnstein collected fifty cents every once and a while for dues from the Holland branch, the West Side branch and the East Side branch. I have no idea of the total amount that was collected by the Milk Dealers' Protective Association.

JOHN H. KEHRER:

I am secretary and treasurer of the Mutual Cream and Milk Company. I have been such for three years, in March. I have been a director for the same period of time. I was clerk, collector and superintendent. Prior to that time I have been in its employ since its organization. I look after the collection, a part of the correspondence, and I am also purchasing agent. As a member of the executive board I have something to do with fixing the price my company pays the producer for milk. As soon as we saw what Borden's prices were, when they came out the middle of the month, we knew that we had to raise our price. The cost of bottled milk would be more than eight cents, it was discussed from time to time in meetings of the board about Mr. Kavanaugh calling up our company to find out what we are going to do. I never consulted with any one outside of our company about the necessity of raising the price of milk. I know none of the officers or directors of the Borden's Condensed Milk Company. I know Mr. Von Bomel of the Sheffield Farms-Slosson-Decker Company. I think I saw Mr. Von Bomel about a year ago. I never talked to him in regard to raising the price of milk. I know Mr. Beakes of the Consolidated Milk Exchange, and Mr. Smith; I have met Joseph Laemmle. I know Mr. Ferist. He is a stockholder in our company. I have met Mr. Chardavoyne, Mr. Webb Harrison, George Slauder and Chris Vaghts. I think I have met F. B. Sanford. I know Mr. Conover and M. L. Sanford and George E. Beakes. I think that is all I know. Mr. M. L. Sanford is the only one that I remember seeing. I did not talk to him about raising the price of milk. I think Mr. Sanford looked after five or six of our creameries. We employed him to do that because he was located half way between those

stations and it was cheaper to send him up there. It saved car fare. In the Milk Dealers' Protective Association we are represented by one member of our company, Mr. Onstein. Mr. Tietjen is an employee of ours but he does not represent us. I never attended the meetings of the Milk Dealers' Association. Our people would not belong to it as a company and Mr. Onstein wanted to join and they had no objection and I believe we were to pay the dues. We did not want to tie up with any protective association. Mr. Onstein is a stockholder in our company. The amount we paid for him was $500. Mr. Van Hof had been in charge of the retail department but a short time, and I believe that he wanted to see the price stay at eight cents so that he would get a lot of business. Mr. Kavanaugh ordered Mr. Onstein to resign from the protective association. He told me he was losing too much time at the meetings. I should say off-hand, we sell about twelve to fifteen thousand quarts of milk per day in bottles, and about 140,000 quarts in cans. There is one thing I would like to add. The other day you asked me to look up whether we sold milk to stockholders for four or five cents per quart, and I found out we did. That was in 1907. The question you asked was did we sell milk so that we can resell it. We did sell it to them at four and five cents, loose milk for their own personal use, and we did sell them bottled milk at six cents when we first went into the retail business. When our company was organized it was composed mainly of small dealers that went into the Mutual and made this large corporation. There was an agreement made at that time that all the dealers that went into the Mutual should not go into the milk business in their own name for twenty years after they sold to the Mutual. Some of them do business now but I think we gave them permission to do that. They have never been molested by us.

MILK, BUTTER AND EGG STORE.

JOHN KEOGH:

I reside at 230 East Forty-eighth street. I am in the real estate business and have got a milk, butter and egg store. I was in the milk business twenty-five years but I sold out five

years ago. I had the store all the time. My place of business was at 37 Catharine street. My store at present is at 37 Catharine street. I haven't any dairies. I own a farm and the stock, a number of cows, but I don't run it myself. My brother runs it. I hold a half share in the Consolidated Milk Exchange. I think I attended the first and second meetings of the Consolidated Milk Exchange. I think in 1899. I was never a director or officer. I am not connected with Bordens or Sheffields or the Mutual Milk and Cream Company. As to why I bought the stock in the Consolidated Milk Exchange I would say, before the Milk Exchange there was a great deal of trouble in the making of prices; everybody was shouting for their own price and I had more or less trouble with the farmers; but after I joined the Milk Exchange and I told them I was buying milk on the Milk Exchange price, I had no trouble since. I subscribe for the "Milk Reporter." If the price changes, they send me a postal card. I never had a written contract with a farmer in my life. The majority of my contracts with the farmers, that is, agreements to sell to them, were at the Exchange prices. If they raised the price, I would have to pay whatever they made the price. Yes, I heard about the raising of the price of milk on November 1st from eight cents to nine cents. In fact, I pay it myself, when I don't bring the milk uptown, I pay nine cents. I did not raise the price of milk that I sold in my store. I sell about seven cases of bottled milk a day. I charge eight cents for bottled milk. I sell dipped milk. I charge eight cents for that, but we give a little over measure. In the dipped milk we realize about six and one-half cents, but six cents in the summer. My prices have been the same for thirty years. My bottled milk is sold over the counter. I don't deliver any of it. I would like to say that I don't believe that milk can be sold for any less than nine cents a bottle by the small dealer, and that I would not sell it, only my driver suggested to me that he would have to sell it for eight cents because there are a good many poor people in his neighborhood on his route and that is the only reason. I am not looking for bouquets because I sold it for ten cents twenty-eight years ago and sold all the milk I had.

JOSEPH LAEMMLE:

I reside in the city of New York and have been in the milk business since 1872, and at present am president of the Laemmle Dairy Company, a New York corporation, with a capital stock of $20,000, of which I own about 50 per cent., which was organized in 1906. My son and Jacob C. Wund are secretary and treasurer and vice-president, respectively. We have no branch offices in New York. We have stations in Onondaga, Otsego, Rensselaer and Tioga counties. The stock in my company was issued for creameries, machinery, etc., used in the business, none for good will. I am not connected with any other milk corporation. I am a stockholder, director and officer of the Consolidated Milk Exchange, and have been since its incorporation, and I was a member of the Milk Exchange, Limited. I do not think I was an incorporator of the latter and was only a director thereof for some years. The Milk Exchange, Limited, was organized about 1882 and continued to do business up to 1895, and our last office was at 6 Harrison street, New York, formerly at 20 Northmore street, New York city. I don't know how long we were there. We were at 6 Harrison street for the last four or five years of the existence of the corporation and I think the office was there — at 6 Harrison street — when the suit to dissolve it was begun. I remember the suit and I remember it was dissolved and the Consolidated Milk Exchange was organized in New Jersey shortly thereafter — "about the same members"—"pretty good men." We held the early meetings of the Consolidated Milk Exchange near the ferry in Jersey City and continued there until about 1900, with a branch office at 6 Harrison street, where we have held meetings occasionally since; most of them at 6 Harrison street, New York. The Milk Exchange, Limited, did do business — a milk-selling commission business.

Q. What did they do in reference to the prices of milk? A. They consulted the general conditions and looked after the general welfare of the business and supply and demand, and guided the general condition of the market, the higher and lower price through the year according to the supply and demand and the production of the goods. After a discussion, a consensus of opinion was obtained as to the value of milk. This price did not govern the

members of the Consolidated Milk Exchange; there was no by-law requiring the forfeiture of the stock unless a member conformed to the prices set by it. I don't remember the by-laws of the Exchange, Limited, referred to in the opinion of Judge Haight. I don't remember that any such by-law was ever acted upon. I think a card was sent to the directors of the Milk Exchange, Limited, to advise them of the action of the board. I was not the secretary then. No notice was sent to stockholders. I believe a little milk journal published the value placed by the board and it was mailed to the stockholders. Mr. M. C. Hall, a reporter, supplied this information to the paper, and I guess the "Milk Reporter" furnishes information to the public of the action of the Consolidated Milk Exchange in practically the same way.

Q. In other words, the work of the board of directors of the Milk Exchange, Limited, and the Consolidated Milk Exchange in arriving at prices was practically identical? A. No, it is not. The difference is that the "Limited" did a commission business. "We never make prices in the Exchange, I mean on the Consolidated Exchange." It was always what we call the supply and demand were discussed and the shortage or the flush of the market, and the price of butter and the price of cheese and the price of other by-products, what milk had to be worked up into, such by-products were considered, and then what they call they found that value and expressed the value in the milk market.

Q. And that list of values was gotten up by the Milk Exchange, Limited, wasn't it? A. There was never no list made up. The newspapers then, the same as now, get up the news to publish in their papers for the benefit of the public and the reporters came to the Exchange for information. The method of arriving at values in the Milk Exchange, Limited, and the Consolidated Milk Exchange, I believe was about the same, the difference being that the Limited arrived at prices and the Consolidated said nothing about prices at all. The Consolidated investigated the value of milk. The method of arriving at values by both companies was about the same, except that the Milk Exchange, Limited, did a commission business. The Consolidated Milk Exchange sells no milk, but looks after many other things, such as stolen cans, stray cans, bad bills, salaries of officers of the corporation, "a thousand

different things which we have to look after." We attend to certain things of common interest to milkmen. There are many things besides arriving at a value of milk that the board does. The new rules and regulations of the board of health and the Agricultural Department have to be looked after. Milk has advanced owing to the high price of butter and cheese and the producer has had his selection of dealers. "He didn't care anything for the New York milkmen, whether it was Borden or somebody else; he had his choice and he was the boss the last four or five years." The farmer kept the milk home if he could make more from the cheese and butter factories. There has been a shortage here for at least eighteen months or two years, because there are a lot of dairies who cannot afford to ship their milk and meet the requirements of the board of health and the Agricultural Department. High price of feed and cows had a good deal to do with it — double of what they were six years ago. There is a scarcity of farm help and this causes the high price of milk. It costs to handle milk now 40 or 45 per cent. more than it did several years ago. The farmer is independent. They get sixteen cents for skim cheese to-day, worth about three cents. A quart of milk costs nine cents and it has more nourishment than five pounds of skim cheese. I am secretary of the Consolidated Milk Exchange, but do not know how long I have been, but have been since the "record book," offered in evidence, was begun. It contains minutes of the meetings of the board of directors of the Consolidated Milk Exchange from January 9, 1906, to the present time. I started with that book and know nothing about the records before that time. I do not know who the former secretaries were. I don't remember any of the parties that kept the minutes.

(The minute book was marked in evidence, under objection by Mr. Ely.)

I think I. C. Jordan kept the minute book before I did, but he is dead. I have charge of this minute book, and it is the only one. I may have, but don't remember keeping the minutes before those in this book. These are the present by-laws of the Consolidated Milk Exchange.

(Copy received and marked Exhibit 6.)

There have been no amendments that I know of. If there were any other minutes, they would probably be kept in Jersey City. The last meeting of the directors was held last Saturday in Jersey City. I don't know that there are any amendments to these by-laws — any amendments which show the minutes except the copy of by-laws produced. Minutes were often taken in pencil and copied in the record book later. I have none of the minutes copied in pencil. I have no contracts or agreements of the corporation in my possession. The minute book and the by-laws were given me when I became secretary — the list of stockholders and the stock certificate book, too. It is so long since I was elected, that I do not recall what other papers I got. The books and papers are kept in a safe in Jersey City most of the time and the record book is carried back and forth from here to Jersey City. We have nothing at 6 Harrison street and the certificate book is in Jersey City. At the meetings of the Consolidated Milk Exchange, we look after the general interests of our business — cans, lost property, etc., and also look after the general legislation needed in our business. We had a legislative committee to look after the legislation.

(Paragraph in the certificate of incorporation, as follows, "To promote uniformity and certainty in the customs and usages of the trade" speaks for itself and the witness, the referee held, was not qualified to elucidate the meaning of that provision. Certificate of incorporation is marked "Ex. 1, December 13, 1909.")

We got permission to do business in this State for the Consolidated Milk Exchange for the primary purpose of being able to hold and convey real estate. It was not our purpose to promote uniformity and values in milk. Based on all the information we could get, the board expressed its judgment on the value of milk. In regard to the clause to promote uniformity in trade, we did no business — everybody was at liberty to buy cheaper or higher "than the Exchange price." We never made a price on milk. It is immaterial to me what price was placed on it. I had to pay more or less, depending upon the supply and demand. We were always trying to get a better quality to satisfy the board of health, the Agricultural Department and the public. This was one of the main objects, and to talk over our mutual interests

to get the railroads to open new milk routes. When several men applied, the railroads gave more consideration to the application.

Q. Do you know the meaning of the word "uniformity," Mr. Laemmle? A. Well, I suppose if we have one bottle of milk, shake it up well and split it in half, and I give you half and I take the other half, we have uniformity in quality and uniformity in measure.

The dealers tried to improve and get a uniform quality of milk. As to a uniform price, "The Exchange never made a price." It was not one of the objects of the Exchange to make the price uniform. While it might be a good thing, it was not one of the objects of the Exchange to procure a uniform price of milk in the country. There are a great variety of contracts in the country — some by the month, some for six months.

(Objects of the corporation read in evidence.)

What I mean by uniform quality and valuation is that, "if we could find the quality of milk to be of equal quality in butter fat and so on, and one standard could be had for that, then it would be an easy matter to bring about an equal quality of valuation." There are many qualities in the country — hardly two cows alike, but we have to pay the farmers their price. It would be a good thing to have the quality of milk uniform, "as a five cents car fare on the roads here." It is impossible to purchase milk required for this city "at an even price." Quality is so uneven — "differs so much like nickels and ten cent pieces." I mean to differentiate the word "valuation" from the word "price" in this way: It would be a good thing to have a uniform quality of milk in the county — it would result in a minimum of fines in New York. I mean it would be easier to form a valuation if the quality was equal — that is, an even quality for milk like you have for flour or other articles of commerce. It would be desirable to have a uniform price paid for milk of a uniform quality. Under such circumstances, it would be easier to get at the valuation of milk. I don't know why so much attention is given to valuation.

The resolution is passed and I write it down — I confer with no one. I simply write down the resolution. I don't know that the values were sent to the "Milk Reporter." I don't send them.

I sell very little bottle milk — about five dozen quarts, and about 100 or 110 cans — forty-quart cans — of dipped milk. I don't know how the "Milk Reporter" got the values. The reporter of the "Milk Reporter" gets the prices from any one he can and wherever he can. The "Milk Reporter" gives the price per quart, while the resolution is "per 40-quart can." It may figure out the same, but I don't know. The members do not consider the can price on any basis, or quart price, because they all buy at different prices. In some cases, the can price and the quart price are the same, but in other cases, the milk is bought on contracts or on butter fat or total solids, "and there are a hundred different ways of buying milk and it may figure out differently." The editor of the "Milk Reporter" may make the price without knowing the values fixed by the Exchange, but I think he gets the information somewhere. The Milk Exchange passed a resolution as follows: "We find the value of milk to be $1.41 per 40 quarts, less freight charges from each respective shipping station, together with an allowance of 5¢ per can for cartage." I do not know how often I have bought on Exchange price. I don't think over three or four times since I have been secretary. The editor of the "Milk Reporter" is John J. Stanton. He would ask me "How is the value?" Mr. Campbell testified that dealers usually manufacture at a loss and that is true. "When butter and cheese is high, I am sorry to say that milk men or shippers have none to manufacture. But it is just then when we sustain a loss, when the market is glutted and filled up, and we are flush, then we are compelled to work off our surplus. But that is just the time the cheese and butter is low. That brings the surplus and then that is the reason there is a loss." I never received any postal card from the "Milk Reporter." I don't know who gives out the prices to the "Milk Reporter." The directors called each other on the telephone and find out about what has happened and the papers call up and find out if there is a change. No word is sent out by the directors. The practical value of the resolution on value is that the members can find out what it is by inquiring of each other. They get the information through the papers and "we cannot help it if the reporter finds out something." We passed a resolution to

find out where we stand and we don't care whether the members know it or not. When I used the word "we" I mean the milk dealers in general. It does not matter whether the inquiry comes through a member or not. It was not the intention that the "values we arrived at" should be communicated to a stockholder. We did not intend to keep the information to ourselves. I don't know what we intended to do with it. After taking all this trouble of passing resolutions, that was generally the end of it and the passing of resolutions once a month or less had no significance whatever. The members had to go out and pay what they could get the goods for. We had much other business to attend to besides passing on value. Our minutes show something about legislation and stolen cans. I never got a postal card like Exhibit "H," but I may have seen one not five times. There is no blackboard or blotter where the resolutions on values appeared. No one was especially authorized to give out the resolution on values, but might do it voluntarily. The resolution had no other purposes than to get the judgment, that is, the opinion of the majority of the directors of the value of milk that day. The directors never talked about the price to the consumer, as far as I know. The meetings lasted from fifteen minutes to an hour and were generally held in the afternoon. We held one meeting a month, sometimes two, and special meetings were called by order of the president or three directors. I sent out the notices. Sometimes they were written and sometimes they were oral — sometimes by telegraph. I never read the certificate of incorporation. I don't think I ever read the by-laws. I may have read some paragraphs. I occasionally had to.

I paid different prices for milk during 1907, 1908 and 1909. I will try and furnish a list of them if I can find one. It costs me to handle milk at the creamery one-half cent a quart, freight charges about three-fourths of a cent from the three different freight zones, twenty-six cents, twenty-nine cents and thirty-two cents respectively; cartage from the railroad to my place of business one-fourth cent in Manhattan and a little more to Brooklyn; and delivery to stores one-half cent; this is for can or dip milk. Two cents covers every item of expense in the handling of a quart of dip milk from the time I get it from the producer, until I de-

liver it to the consumer, not including investment and bad collections. "Bad collections are heavy, expecially in the dip or can milk and on the two cents I have not made any allowance for bad debts." There is also a heavy loss on sour milk. I have no direct deliveries from the farmer. All is delivered to the stations in the country. I assume all the responsibility of delivery from the farmer to the consumer. Outside of the items mentioned, including ice, two cents covers entire cost from producer to consumer. Ice has been twice as expensive this year. In ordinary years, two cents would cover the cost. It is much more expensive to deliver bottle milk. I only deliver about five dozen bottles. Mine is a close corporation and has paid no dividends. I have drawn out only wages from the corporation—only about $20 a week; my son, who is treasurer, drew $15, and no other member of my family draws out anything. One-quarter of a cent a quart might cover the loss through bad debts, sour milk, extra ice, my salary, depreciation and so forth. I was not present at the meeting of the board of the Consolidated Milk Exchange some time during the fall called to consider raising the price of milk to the consumer, and no such meeting was ever called to my knowledge. The Consolidated has nothing to do with that. Neither was there any meeting called to reduce the price. I heard talk among dealers wondering what they were going to do if the prices continued to go higher, but I was away in the country and did not know that the price had gone to nine cents.

Q. Now, previous to November 1, 1909, you had considered the advisability of advancing the price of milk, had you not? A. I always thought we were paying more than we got for it and I offered my business for sale to quite a large number of men, and stated so in the open meetings, that I am ready to sell out at any time. I think I advanced the price of dip milk about November 1st, not a cent a quart — I think I advanced dip milk about one-quarter of a cent. Dip milk is my principal business, but I sell a little to the consumer, and that I sold at nine cents after November 1st. I advanced it after my son came home and told me that different parties had advanced prices on November 1st and we simply followed that price. The retail price was not discussed by the board of directors. I was not interested in it. I dis-

cussed with Mr. Beakes the market conditions, saying that we had to pay much more for the milk in the country to get enough to supply the trade and that butter and cheese factories were paying so much more. We said, "What can we do?" Our strongest competitor last year was the manufacturing market. This market was higher this year than any time since the war. The market conditions were discussed by dealers and they complained that they could not pay their bills. They had to put notes in the bank and borrow money and I think these matters were discussed with Mr. Beakes, on our way home from a meeting, not at a session of the directors; talk among the dealers generally with reference to the advisability or necessity of advancing the price of milk was, I suppose, in reference to the retail market. I am in the wholesale business, just a shipper of milk. I never saw or heard of any written agreement among the dealers agreeing to advance the price of milk about November 1st.

Q. Was not the general consensus of opinion that if Bordens were advancing the price of milk that all the other dealers would do it? A. I believe the small dealers would feel relieved if Borden would raise it, because Borden, with their very large capital, could hold out longer than an independent, poor dealer.

Before November, the dip milk in my stores was six cents and I raised it to seven cents about the 6th of November, and bottle milk was raised one cent also.

By-laws provide for several different committees and there may be a committee on values. I think that committee in 1909 was composed of the whole board, seventeen in all, they were all there. Nine made a quorum. If there was no more present, nine members might establish a value. I don't know whether any member of the board was ever authorized to give out the values fixed at the meetings. It was generally understood that any member might. I simply telegraphed my stations in the country that I would pay so much for milk from such a date until further notice. Sometimes we changed a price without a meeting, but usually right after a meeting. We used the Exchange valuation as a basis — sometimes paid more and sometimes less. The loss through sour milk falls on the dealer.

I did not discuss the advance of the price of milk with Mr. Beakes. I was up the State in one of my creameries for three or

four days at that time. It was not discussed for weeks prior to November 1st, as far as I know, except that dealers talked over the high cost due to high prices in the county at cheese factories, etc. Nothing was said about the retail price. I said I was losing money on both bottle and dip milk and I didn't propose to do anything about rendering my business more profitable except to get as much for my milk as anybody else. The time I spoke to Mr. Beakes was when milk got short in September. What I said to him was, "How are we going to get milk and keep it, with the strong competition of the manufacturing market," and he said, "I don't know."

I saw Mr. Gorman in the aldermanic chambers at a hearing, I think in April, 1909. I had not known him before that time. He introduced himself to me. He said he would come in the morning to see me. Two days afterward I saw him at my office. He proposed an advertising scheme. "He talked at length against the idea of Nathan Strauss pasteurizing, that he is simply stuck on his pasteurization and he wants to sell plants, and he proposed through sensible educational articles, in the paper he represented, which was the "Tribune," that he would show up to him and some other of the members that it is not necessary to have good, sound, fresh milk pasteurized, if this milk is properly taken care of." "When I saw his bill of expense, I simply dropped." I said, "There is not as much money amongst the milkmen." He was down at the Exchange, but not at a meeting. There were six or seven members of the board who met Mr. Gorman in the rooms of the Exchange and I was one of them. He proposed the same scheme to them. He said the reason milk was selling so poorly was on account of the tuberculosis exhibition at the Museum of Natural History. I wanted to show the whole matter up — I dropped it at that time. Mr. Gorman wanted for his educational article $5,000.

Exhibit 3 is a list of dealers, and I put down a few names and told him to get them first, saying if they aren't willing, I cannot afford to pay it. There is some of my handwriting on Exhibit 3. I was willing to pay my share to teach the public what milk is. "They don't know to-day what milk is." Such a campaign of education would bring about larger sales of milk. I don't lose

money on the sale of milk all the year round. Nothing was said about educating the public to the advanced price for milk.

By resolution, milk dealers outside of the Exchange were often given the privilege to come in. They were never refused. The meetings were not secret. Such was the general custom. I saw Exhibit No. 1 in the "World" and I think Mr. Gorman begged to get my signature on it, stating that if I signed, others would follow, and I rejected it because I didn't like his idea; it was simply working a scheme to make money. Exhibit No. 4 is the names of the stockholders and a ballot for the annual election for January, 1909. I believe it is correct. I never saw Exhibit No. 2 before. Mr. Gorman is in error when he says the campaign was wanted to raise prices. The price was advanced in 1907. I think the raise was in November, 1907. I was selling milk at eight cents at that time and didn't advance it. The first time I advanced milk was on November 1, 1909, to nine cents a quart. At the same time, I advanced dip milk. I don't think I advanced dip milk in 1907.

The Distributors' Realty Company is a real estate company. It bought all its holdings of real estate from the Consolidated Milk Exchange, and the stock of the Consolidated Milk Exchange reduced $2 per share. I think this is about one and one-half years ago. I have been a stockholder and director of the Distributors' Realty Company since its incorporation and treasurer only lately, and I am also secretary and have the books, all of which are in New York. I can produce them and I certainly will at the next meeting.

The Mutual Aid Society is five or six years old. The Consolidated Milk Exchange has $1,500 in cash but nothing else except a few dollars that may have come in from collection of dues. The man who owns the cans pays for their collection.

I am a stockholder and director of the Dairymen's Manufacturing Company, but am not an officer. It was organized to manufacture cans, tinware and milkmen's supplies, under the laws of the State of New York. Not all Exchange members are members of it. The majority might be.

(Certificate of incorporation of the Dairymen's Manufacturing Company received in evidence and marked Exhibit 7 and copied in the record.)

I know Mr. Beales among the incorporators. He is not a member of the Exchange. I don't remember if the incorporators were milk dealers or if they are stockholders at present.

(Certificate of payment of one-half of the capital stock of the Dairymen's Manufacturing Company received in evidence, and marked Exhibit 8.)

Of the incorporators I think Mr. Beakes and several other members are members of the Consolidated Milk Exchange.

I went to the meeting of the board of alderman, where I saw Mr. Gorman, because I wanted to go to any place where there is anything to be learned in the milk business. Mr. Beakes stated that a campaign of education should have been started long ago, but did not make that statement at a meeting of the Consolidated Milk Exchange. It was an occasion where Gorman got a few friends together — men of the milk business. In one of the rooms where the Consolidated Milk Exchange held meetings, Mr. Beakes did make that statement, saying that the public ought to have been enlightened about milk and about fairness and the quality of milk long before this. He didn't say that if the public had been enlightened they could advance the price of milk. No statement about advancing the price of milk was made at that time. The papers had said so much about contagious diseases and germs in milk that the sales dropped off. Gorman said he was the man to bring about "the natural sale again, for a compensation." I don't think I had anything to say to Mr. Gorman except about the subject of his inquiry. The questions that arise about cans, etc., come up sometimes before and sometimes after meetings. The small details are not always mentioned in the minute book. I don't remember anything was said about Bordens joining in the campaign of education. With reference to the raising of the price about November first, "I believe it was an unavoidable condition." "I believe it could not be done otherwise, unless the men in business would work at a loss. That is my honest conviction. It could not be avoided." Prices paid at the present time are higher than for some years back. The milk dealers must run short for two or three months in paying their bills. The Borden price and the Milk Exchange price were higher in 1908 than in 1909, but that was an exceptionally dry

year. Had to get milk from a great distance. The majority of dealers own creameries or stations in the country. Most shipments are by rail. There are freight zones fixed by the Interstate Commerce Commission, as follows: Forty miles, twenty-three cents on a forty-quart can. The next is twenty-six for sixty miles and thirty-two cents for all over, and there is a percentage off for carload lots. A little milk goes by boat. Eight freight rates mentioned in the September number of the "Milk Reporter" may be correct, except as to the carload lots.

("Milk Reporter" marked Exhibit 9.)

It is difficult to determine who would get the benefit of any advantage in freight rate by reason of a cheaper water rate. It is always a matter of contract. The rates on bottle milk are always higher. The freight rate on bottle milk is from a fraction under to a fraction over a cent per quart. The railroads get their cash from freight on the platform and whoever takes it away pays for it. I think J. E. Wells, Thomas B. Habison, C. H. C. Beakes, William C. A. Witt were members of the Milk Exchange, Limited. I don't know which of the Sanfords. J. V. Jordan, I think, was a member of the Exchange, Limited, and also I. C. Jordan. I don't remember about Fred H. Beach; George Slaughter was a member of the Limited, also Mr. William A. Wright. I don't know where the records are of the Milk Exchange, Limited, or who preceded me as secretary, and I don't think the records are available now. I don't think there ever was a Committee on Sales and Price in the Consolidated Milk Exchange. We never made any sales. "The resolution in my handwriting referred to the Price and Sales Committee" may be a mistake in my writing. We had no Price and Sales Committee. "It was simply a committee to get information and to express their opinion according to the supply and demand on the value of goods." I think that committee was the whole board. I cannot remember who was on the Price and Sales Committee referred to in the minutes of February 27, 1907. I think that statement of Price and Sales Committee was a mistake in my writing. There never was a Price and Sales Committee. This mistake might have been made by me several times. I do not recollect that we wanted the names of the committee not to appear. In each case where the Price and Sales

Committee is referred to, it may have been a mistake, made by me in referring to the committee as a "Price and Sales Committee." I do not think that there is any resolution passed at an annual meeting appointing such a committee. If I have recorded anything of the business of such a committee it is a mistake, and if there was such a committee it was without my knowledge. This was a committee on values to express their best judgment as to the value of milk, and I don't know why it was so called. If the Executive Committee did any business, I don't know anything about any records having been kept of it. Whatever reports they made were made verbally. I don't know that any records were kept of the January 31, 1906, and the January 13, 1908, meetings of the Executive Committee. I never was a member of such a committee. I cannot offer any explanation if it appears that all of the committees are named except the Committee on Values. I never got any instructions to insert the names of the Price and Sales Committee in the minutes. I cannot give any explanation that their names are not there. The Legislative Committee looked after the legislation at Albany. We wanted no change in the law as it now stands with reference to the legislation of the case, that is, the cases of lost cans should be tried in the county in which the owner resides. The expenses of the committee was secured by collection and the collection was obtained from large dealers without regard to membership in the exchange. I don't remember that I was secretary before January 9, 1906, and no separate book was kept in the Jersey office. I kept no books at home. I kept the minutes on a piece of paper, then copied them in the book. Any minutes that there may be, might be in Jersey, and we had the privilege of putting such things in the Dairymen's Manufacturing Company's safe. They may be there now. I have no personal objections to looking, and will, with the consent of counsel. If I were being advised by counsel to the contrary, I would not produce them. I don't know of any other minute book than the one in evidence. The paper torn from the inside of the cover on the minute book in evidence was a form used for calling meetings and proxy. I guess it is true that about eighteen meetings were called during the last three or four years, especially when the Board was called to consider the value of milk.

Any time something important came up and we could not afford to wait for meeting, we called a special meeting. I called these meetings because the president ordered me to.

Q. Well, now, why did you deem it necessary to call a special meeting of the directors to consider the value of milk or to request it? A. Well, sometimes in my own judgment I found the goods which were handled were very scarce, supply and demand and manufacturing market being very high, and we were losing dairies and the market was very short here, and consequently I felt that an expression as to our judgment would elevate the value of the goods so the goods would come in this market.

Q. Well, how would that bring goods to this market? A. If a higher value would be found, in my judgment goods would come forward. An expression of opinion by the Board would have an effect upon those who decided to follow it. The majority of dealers do not necessarily follow the market or valuation expressed by the exchange. If a higher price was placed on milk, it would encourage the farmers to ship their milk instead of making it into butter and cheese. The farmers send it where they get the most money.

Q. Well, then, if he didn't hope to get the Exchange price, how would it encourage him (the farmer) to send his milk to New York? A. The value found by the Consolidated Exchange had no bearing on the general market.

Q. (repeated). Well, then, if he didn't hope to get the Exchange price, how would it encourage him to send his milk to New York? A. For certain reasons, there are other prices prevailing which might be higher or lower, other milk buyers. If the farmer would find the value of the Exchange higher than any other milk buyer, he would naturally select the price found by the Board of Directors, that is, the value.

I said that the raising of the price by the Board of Directors of the Exchange would encourage farmers to send milk to New York, providing there would be nobody paying higher prices. Milk held under contract I don't think would be affected by the Exchange value. I do not recall that the raising of the value by the Consolidated Milk Exchange over influenced the farmers to send milk to New York. Contracts made with the farmers

based upon Exchange prices would be affected by raising or lowering the valuation by the Board, generally. If the Exchange here lowers or raises the price, then the dealer under his contract lowers or raises the amount that he pays the farmer for milk. I know that many special meetings were called — some to consider the value of milk and for other purposes. I cannot recall all the reasons now. I don't know how the resolution of the Board would affect the supply and demand. The only things done at the meeting held on the 22d of November, 1909, in Jersey City was to investigate the matter of a number of stray cans and passing of a resolution revoking our license to do business in the State of New York. I always selected the particular form of expression for describing the action of the Board when it passed upon the value of milk and the insertion of the word "price" in the place of "value" on certain occasions was my mistake, and no one ever instructed me as to the particular form of the resolution. I was never told that it would be illegal to use the word "price." I didn't use the word "price" because "we never considered that we make any price for anything. We just express the value of the goods."

I remember the communication of September 26, 1906, in reference to the Pomona Grange and the minutes of September 26, 1906, that was about the admission of members of the grange to the Consolidated Milk Exchange. It is customary at the first meeting every year to make the Committee on Values consist of the full board. I don't think that the Committee on Amendments to by-laws ever did anything. The committee provided for in the minutes of May 29, 1907, was a committee to change a mortgage, I believe. That is all the committee did. On the matter of appointment of these committees, anything I say is only a matter of memory. To my knowledge, the Rules and Regulations Committee did nothing. We did have an ad in the "Milk Reporter," and we did insert a resolution on the death of a member. The Consolidated Milk Exchange never owned a safe since I was secretary. There are none of the books in the safe of the Creamery Mutual Aid Society. I at one time was ordered to get someone to open the safe.

I was present at 6 Harrison street when Mr. Gorman was there and a number of the directors, but I don't remember that

proof of articles were to be submitted to a committee for approval. Mr. Gorman stated he would not start printing anything until he had the money matter fixed, but copy was to be submitted for approval, but I do not think any particular person was to approve the copy. I have no recollection of ever having made the remark "that we had paid more than three times this amount, namely $5,000, on things that we have gotten no benefit from." I said to Gorman after he had explained his proposition, "You can see the men and see whether you succeed. I doubt it very much." And that is all I said to him. I was reasonably sure that he could not succeed. I have no recollection of showing him the paper. He showed me a lot of newspaper clippings, etc., showing what he had done with the beef for the butchers and for the brewers a few years ago — there were certain articles against beer and against meat, and he fixed them all up, and he got them all straightened out, and he could do wonders for us. I don't remember, but I might have said it in a joke, "Some of those fellows will talk like a lot of smart Yankees, but the way to do it is to get their names down." Frequently, when there is a deficit a few have to make it up. "I said that I would be willing to pay my share" to enlighten the public about the nourishing quality of milk which nine out of ten don't know. I think Mr. Gorman showed me a list of dealers with letters after the names, and I think I stated that that was all right. I have an arrangement with Mr. R. B. Baker, and he orders milk from me, and I ship it to him. The first of the season I sold him over the Exchange, and now I get a little above Exchange, because it is hard to get milk. I have nothing except a verbal contract with him,— only an understanding. Under my understanding with him, the price does not depend upon the Exchange price. "Sometimes when milk is flush, he gets the best of me, and when milk is short, I get the best of him." We had a fixed price for April, another for May and another for June, and at the present time he pays me ten cents above general market. That is the value found by the Exchange.

COPY OF FORM OF RESOLUTION USUALLY PASSED BY THE DIRECTORS OF THE EXCHANGE WHEN PASSING UPON THE VALUE OF MILK.

Resolution passed March 13, 1906. We find the value of milk to be $1.41 per forty quarts, less freight charges from each respective shipping point together with an allowance of five cents per can for cartage.

WILLIAM A. LAWRENCE:

I reside at Chester, N. Y., and am engaged in the milk business under the name of Lawrence & Son, and I am the owner. I produce milk and own two farms. I manufacture cheese from my own milk, as well as from milk that I buy. I think I was a member of the old Milk Exchange, Limited. I am a stockholder of this Consolidated Milk Exchange. I have never been an officer or director. I think I have been present once or twice at meetings of the board of directors of the Consolidated Milk Exchange. I bought my stock several years ago, and have been a member since its organization in 1895. I have 15 shares I think. I derive some benefit from owning stock in the exchange in that I made use of the valuations arrived at by the board of directors of the Consolidated Milk Exchange in reference to the milk. I bought my milk based on the prices of the milk exchange. The New York price was known as the milk exchange price. I am informed of the valuation arrived at by the board of directors of the Consolidated Milk Exchange, through my patrons, different newspapers, and the "Milk Reporter." I think I also got post cards from the "Milk Reporter." I may have got information over the 'phone as to the price arrived at by the directors; I don't remember. I never knew of any agreement as to price, because my understanding was that they made no price. They simply said, "We find the milk is worth so much now until further notice." I never heard of any agreement among the members of the exchange to stand by the valuations fixed by the board of directors to the extent of buying and selling milk only at that valuation. I only heard rumors from outside people talking about it, but never considered myself bound to buy at any of the prices they should establish. I saw by the paper that the retail price of the bottle milk to the consumer in New York city was

raised by the majority of milk dealers about November first from eight cents to nine cents a quart. I think there is a flush of milk in my locality at the present time, either due to overproduction or lack of consumption in the city. In my opinion, an overproduction or surplus, such as exists at the present time, would tend to cheapen the price. My explanation of why the price does not come down now is: If the price of my goods falls off, instead of manufacturing it into something else, I don't go to work and reduce my price right away, because I am after the revenue; I keep that up and take my loss at the other end of it, same as a man has a lot of milk, he puts out fifty cans a day and he is three or four cans over, he better dump that into the gutter. They better take the profits as they can get it and do something with the other; throw the balance away. When there is a surplus, the milkmen and dealers hold the surplus in their country stations and only ship what the market will take. They ice up the cream and hold it. I have held it myself for a month. I have kept milk for a week, but think it could be kept for 10 days. I have iced 300 or 400 cans and held it over for a month and then shipped it off to take care of the hot weather trade. It was shipped to New York. I do not know whether it was for the breakfast table or for ice cream. I have heard of cream being separated from the milk; that is, enough cream taken out so that the milk would just contain enough butter fat to be within the law, but I have never known of it being done. The DeLeval Separator can be regulated so as to take off the excess cream and leave 3 per cent. butter fat. I have no figures to state the cost of production of milk. In the flush season, when milk is cheap, the cream may be held a month later and then sold at a higher price. This custom prevails. I keep track of the exchange prices. I give my customers the option of selling me either at the exchange price or Borden's price. In my opinion, Borden and the exchange prices are practically the only two prices the farmer can choose between in our part of the country. Borden's people are buying about forty cans a day and I am buying a little over 300, so you can draw your own conclusions as to whether the farmers prefer exchange or Borden's prices.

SAMUEL LEVY:

My business is at 45 Forsyth street. I am in the milk business and have been in that business since 1888. I incorporated my business about six months ago. It is now the Levy Dairy Company. I am president. The capital stock is $50,000. I own about $40,000 capital stock. I own some creameries and rent some. I own creameries at Middleville, Citterville and Vernon, New York. I operate creameries at Canastota, Oneida Castle, Clarkville, Seths Corners, New York. Eyra, Truxton, Clayton, Winthrop, North Lawrence, East Steuben. I sell milk only in New York city. I am a wholesaler. I own two or three shares of the Consolidated Milk Exchange. I have never been an officer or director of the exchange. I do not own stock in Borden's Condensed Milk Company, Sheffield-Farms-Slosson-Decker Company or the Mutual Milk and Cream Company. I never attended any meetings of the Consolidated Milk Exchange. By reading milk reports I found out the value of milk established by the board of directors of the Consolidated Milk Exchange. I know how to buy and how to pay up the farmers. I don't know who makes the price exactly in the "Milk Reporter," but I know we get the "Milk Reporter" and we see the prices and then we think — and then I find out what some other people pays, and I make the prices that way. In a good many places you have got to pay on Borden's prices or more or less. Sometimes we make agreements with farmers to pay them exchange prices. Sometimes Borden's prices. I think it cost me to handle milk from thirty to thirty-five cents a can not including freight. I manufacture some milk into butter and cheese. I do not sell any bottled milk. I think I raised the price of milk about ten cents a can on November 1st. All of my stations and freight zones are thirty-two cents. Milk is shipped by rail. I am a member of the Milk Dealers Protective Association. I have never been an officer. I think the Standard Dairy belongs there, and Mr. Beakes belongs there. Mr. Vedderham is the secretary. I pay dues of this association to George W. Blefford, can collector. We are taxed so much for cans which every member pays in proportion to the amount of business he does. I do not know of Blefford coming around in the dead wagon or of his trying to force Lieberman or Miller to

join the association. I bring about 1,200 forty-quart cans of milk to New York city per day on an average. If anybody goes to my customers and offers to sell them milk ten cents cheaper, I go and sell them for so much less Igive him milk, or anybody can do that. The collecting of cans takes up Blefford's time in fact two more collecting wagons would have plenty of work for two or three weeks. Blefford is not a wholesale milk dealer. I purchase from two to three thousand milk cans per year. They cost about $2.40 or $2.50 and in addition to this I buy two to three thousand extra covers, covers costing forty cents each. In making an agreement with the producers for the sale of milk with me I would say to the farmer I got to pay what the neighbors pay; in some places we have got to pay Borden's prices, if Borden is near by, we have got to pay his prices, and the rest of the places we have got to pay what the neighbors pay. I post up the prices I will pay the farmers for milk in my different creameries. I do not have a written contract with the farmers. Not all creameries are owned by farmers. Some of them are owned by railroads, that is the railroads build the stations. The stations are leased to individuals. This is to stimulate their shipping business. I have some stations that I lease from the New York Central and the Lehigh Valley Railroads. The lease is just a plain one. I rent the factory and pay the rent. There is nothing in the lease providing for the freight rate. It is just thirty-two cents. It is a common practice by railroad companies. Half of the farmers that I do business with base the price upon the exchange. When the exchange valuation here in New York advances, I pay the farmer more, etc.

Exhibit 4-C. received in evidence showing such of his prices which were paid during the years of 1908 and 1909, is as follows:

	1908.	1909.
Little Falls, N. Y.....	$1.194	$1.216
East Steuben	1.14	1.177
Tioga Centre	1.158	1.199
Cedarville	1.15¼	1.217
Oneida Castle	1.153	1.17½
Chittenango Station	1.124	1.186
Flagtown, N. J.....	1.18¾	.....

	1908.	1909.
Ira Station, N. Y.	$1.123	$1.179
McAdams St.	1.134	1.209
Millers Mills	1.146	1.207
Sheds Corners	1.15	1.17
Truxton	1.144	.....
Vernon	1.145	1.196
Canastota	1.121	1.20
Clockville	1.133	1.16¼
Middleville	1.204	1.201
Lecla, eight months	1.077	8 months 1.394
South Bay, eleven months	.....	1.169
Winthron	.....	1.242
Marshville, six months	.....	1.34
Fort Lawrence, five months	.....	1.40¼

My son-in-law, William Levy represented my corporation at the meetings of the protective association.

ISAAC MAGOON:

I reside in Addison, Steuben county and am engaged in the shoe business. My farm is located near Addison and is about one hundred and forty-one acres. The figures that I make my statements from were obtained from Mr. Danningberg, whose farm is near mine and who keeps fifteen cows and sells his milk to the Howell Condensed Milk & Cream Company. The figures show that there were 38,950 quarts of milk produced on this farm during 1908, which cost $1,220.83. The items going to make up the cost of production are: Interest on capital invested, the cost of labor and caring for the dairy, handling the milk and the feed. This was a winter dairy. It cost a small fraction over three cents to produce a quart of milk throughout the year 1908. I would consider one-half cent a quart a fair profit. I do not know whether this milk was sold at the exchange price during that year, but most of the years it has been. I have understood that the committee of the New York Milk Exchange was composed of some men in New York who met when they thought there was too much milk coming and lowered the price and if they wanted more milk, they raised the price a little and coaxed

out a little more. This is my impression of the Consolidated Milk Exchange before this inquiry began. I have known of this exchange price and of the manner of fixing it for years — sold milk at that station for ten or twelve years and the majority of the farmers sell their milk at this station also. Some became dissatisfied and now sell their milk to butter and cheese factories. With the exception, as I have said, of the Cuba cheese price, all milk sold as fluid milk going to New York is sold at exchange prices to the Howell Condensed Milk Company. The farmer was compelled to take the exchange price if he wanted to sell his milk. He had no option. The only other way he can do is to ship his cream to a butter factory in Pennsylvania or to some cheese factory. There is no way to market the fluid milk. I would state, that in my opinion, the farmer is absolutely bound to take the exchange price, no matter what price they establish. For several years, they have not asked us to sign contracts. I wish to state in regard to the exchange price, that we got for our milk when it was sold less twenty cents a can for handling the milk, station price at the freight is usually six cents a can, ferriage charges from Jersey City to New York. The farmers received exchange price less this ferriage. They gave us to understand that the ferriage includes the cost of trucking the milk from the platform to the store in the city, of the dealer who was to sell it.

REFEREE:

Q. Then it was six cents for freightage? A. Yes, sir.

Q. Or cartage? A. Yes, sir.

We took the paper that gave the exchange prices. As I remember, the old contract was that we were to deliver milk in such a degree of temperature, cooled down to such a degree, and furnish them all the milk that was produced, except for the family use, on the farm during the year, at exchange prices. I have some figures that show the prices obtained at this creamery for milk, during the various months of the years 1907, 1908 and 1909. Commencing January, 1907, price obtained was $1.35 per forty-quart can. February, $1.25; March, $1.10; April, $1.10; May 1st to 15th, $1; May 15th to balance of month, 90 cents;

June, 80 cents; July 1st to 15th, 80 cents; balance of month, 97 cents; August 1st to 11th, $1; August 11th to 21st, $1.10; August 21st to August 31st, $1.20; September, $1.20; October, $1.44½; November, $1.44½; December, $1.44½. 1908, January, $1.40; February, $1.30; March, $1.20; April, 1st to 16th, $1.06; April 16th to end of month, $1; May 1st to 16th, 90 cents; balance of month, 80 cents; June 1st to 5th, 80 cents; balance of month, 70 cents; July, 80 cents; August, $1; September, $1.05; October, $1.30; November, $1.35; December, $1.40. 1909, January, $1.35; February, $1.25; March, $1.20; April, $1.05; May, 85 cents; June, 70 cents; July, 93 cents; August, $1,12; September, $1.27½; October, $1.35; November 1st to 25th, $1.45; balance of month, $1.50; December, $1.50. That is the actual price I received in money for those three years. I understand that a combination exists among the dealers in New York city, composed of a few members that met regularly to make this price, and that is the price that farmers in my locality had to accept. They have no other remedy except selling to cheese factories, as I have before stated. I think the exchange is very detrimental, as they only pay a large enough price to keep it from going into the butter and cheese factories. The exchange makes the price so low it is unprofitable for the farmers to sell their milk to them and they obtain so much milk that they can keep a surplus and they can limit the price for that reason. They get milk from a very extensive territory, even farther west than I am, and I am 301 miles west of New York. There is 127 acres in my farm, worth about $35 an acre, and fifteen cows, at about $50 a head. We are not guided by Borden's prices in my community. Their nearest plant is at Wellsboro, Pennsylvania. The cheese factory that I spoke of is run on the basis of the cheese market. They charge the farmer so much for making the cheese, that is the way the cheese business is run; they don't pay the money right down. They manufacture the milk into cheese and then sell the cheese and give the farmer the benefit of whatever price they can get. The farmers are inclined to think it is a little more profitable for the last year or two in the summer season. This cheese factory is run during the summer only.

EDGAR L. MARSTEN:

I reside at 23 East Fifty-seventh street, New York city. I have been a director of the Borden's Condensed Milk Company since 1902. I have never been a officer. I attended directors' meetings held in the company's office. I am a member of the firm of Blair & Company. I had no conversation about the necessity of raising the price of milk (bottled) previous to November first. I have nothing to do with the milk business, simply attended the meetings. I think I know Mr. W. B. Conklin of the Consolidated Milk Exchange. The executive committee so far as I know raised the price of milk without consulting the board of directors, the only reason being given, Mr. Rogers said, was the fact that he had figured out that the delivery of each bottle of milk in New York meant a loss to the company. He figured its cost of eight and eighteen one thousandths cents per bottle. That was for the month of October and each succeeding month would mean an increased loss.

ALBERT J. MILBANK:

I am a director of Borden's Condensed Milk Company. Have been about fourteen or fifteen years. I was formerly the treasurer. I think it was 1889 until 1903. I reside at 42 West Thirty-eighth street. I don't take any active interest in the management of Borden's Condensed Milk Company. Merely attend the meetings of the board of directors. The only discussion I heard prior to November 1, 1909, in reference to the necessity or advisability of raising the price of bottled milk was from the fact of the high price the milk was costing us it would be necessary to do it. These talks were had in the company's meetings. Said it would be inevitable. That's all the general talk. I never talked with any one in reference to the advisability of raising the price outside of those meetings. Never heard of any agreement existing among members of the different companies in reference to it. The board of directors don't take any part in fixing the price of milk paid to producers. I have no recollection of any discussion in reference to a campaign of education to educate the people to pay a higher price for milk. I don't know any

officers or directors of the Sheffield Farms Slawson-Decker Company. I have quite a number of shares in Borden's. I don't know of anything else that I could add to my testimony.

DUNLEVY MILBANK:

I reside at Greenwich, Connecticut. I am a director of the Borden's Condensed Milk Company. I have been since the annual election in 1902. I attended the directors' meetings regularly. I attended one during October, 1909. I understood at that meeting that the price of milk would have to be raised. I do not remember the discussion at the meeting. I know that the price of milk at the creamery end had gone up so there was not very much profit in it and the price of delivery in New York was about eight and a fifth cents. I never had a discussion with anyone previous to November 1, 1909, in reference to the necessity or advisability of raising the price of bottled milk to the consumer. I take no part in the management or operation of the Borden Company. I know Mr. Millet of the Mutual Company and I think I have met Webb Harrison of the Consolidated Milk Exchange but I have not seen him since 1900. I never spoke to any of the men mentioned in the list of the consolidated in reference to the price of milk. I never heard of any agreement among the milk dealers in New York city to raise the price of milk on November 1, 1909, from eight to nine cents.

ARTHUR W. MILBURN:

I reside at Haverstraw. I am assistant treasurer of Borden's Condensed Milk Company. "In accordance with the direction of the Deputy Attorney-General that Mr. Milburn, Assistant Treasurer of Borden's Condensed Milk Company should criticise and discuss the testimony given by Mr. Scudder covering the accounts of the Borden company, the following is respectfully submitted.

While the clerical accuracy of Mr. Scudder's figures is not disputed the inferences and deductions apparently to be derived therefrom are erroneous and manifestly unjust to the Borden company.

First. The business of the Borden company is divided into two separate and distinct branches, viz., the Manufacturing department and the Route (or so-called "Fluid Milk") depart-

ment. The former covers our trade in the manufactured products, of condensed milk, evaporated milk, condensed coffee malted milk, milk chocolate and caramels. We have thirty-one plants devoted to this branch of our business in eight different states and our said manufactured products are sold in every part of the United States and practically all over the world. The accounts of the two departments are kept separate and the accounts of the Route department cover, and always have covered, the entire business of that department with differentiation in final results either as to territory or product.

As to territory the business of the Route department covers not only the cities of Chicago and New York but a large territory in New Jersey, a considerable portion of Westchester county outside of New York and several adjoining towns in Connecticut; and in the country districts the cost of delivery is considerably less, and the profits correspondingly greater, than in the city districts. As to products the Route department covers not only fluid milk and cream but buttermilk and the manufactured products of casein, cheese, butter and unsweetened condensed milk sold to consumers from our wagons.

Second. The accounts of the Route department cover, as stated, the business of the department, as an entirety and it is absolutely impossible to accurately determine from the company's books what proportion of the total Route department profits is the result of the purely fluid milk business in New York city alone. The method used by Mr. Scudder in determining such profit was to credit the fluid milk sold in New York with such a percentage of the total Route department profits (from all sources and derived from the entire enormous territory covered) as the total milk bottled in the East bears to the total milk used by the Route department in the East. This is a pure approximation, and as determining the profit on fluid milk sold in New York city, is unfair as it assumes that the margin of profit on each 100 pounds of milk used is the same no matter what disposition is made of it and as it wholly fails to take into consideration the various other items bearing on the Route department business; such as, for instance, the greater cost of delivery in New York, the greater cost of stabling, taxes, interest on the cost of expensive city stations and the like.

Third. In none of Mr. Scudder's figures as to profits has any allowance been made for interest on cost of investment in bottling plans and stations, depreciation, bad debts, accident costs and insurance costs, with the sole exception of insurance costs which were a charge up to July 1, 1908, but not since. Were these (excluding interest) charged against the fluid milk business in New York alone, using the same percentage above referred to, it would reduce the total figures about $55,000 for the year ending June 30, 1908, and about $75,000 for the year ending June 30, 1909.

Fourth. The statement as to the net profit "on fluid milk and cream, New York and Chicago" for the nine months ending September 30, 1909, amounting to $1,076,772.15 which covers both the East and the West is also manifestly unfair. It selects the months of the year of the greatest profit, and ignores the three months (October, November and December) when the profit is, and always has been, even under the most favorable conditions, at a low ebb and, as far as 1909 is concerned, it is especially misleading as since September 30, 1909, the prices paid the farmers for milk have been greater than has ever been paid before in the history of the company and the freight rates to New York have been increased eight per cent.

Fifth. Owing to the increasing distances from which fluid milk must be transported to the city with consequent increasing freight charges and to the facts that the Borden company does its bottling at its plants in the country and not in the city with consequently increased cost of outlay in handling and other respects, that it makes twice a year six months contracts with the farmers by which it is *obligated for that entire period* notwithstanding the conditions of the consuming market and notwithstanding lower prices paid by concerns which only buy from hand to mouth and that it spares no expense to keep its milk up to its standard both in respect of its inspection of dairies and in the condition of its own plants, the delivery of milk in New York city for this company is an expensive proposition. Every quart of bottled milk delivered by the Borden company to the New York consumer during the month of October, 1909, for eight cents actually cost the company 8 187/1000 cents. During the

months of November and December, when the price was nine cents, the respective actual costs were 8 633/1000 cents and 8 826/1000 cents and a careful estimate places the delivery cost for the months of January, February and March, 1910, at 8 850/1000, 8 743/1000 and 8 11/100 respectively.

The cost naturally decreases in the spring and summer when the cost of milk, owing to open pasturage and the cost of delivery, owing to absence of snow and winter storms, are less.

Sixth. Mr. Scudder gives the profits "on fluid milk alone in New York alone, for the year ending June 30, 1909, at $496,976.36." Even assuming the correctness of Mr. Scudder's basis of arriving at the profits, this is 1 73/100 per cent. on the entire present outstanding capital stock of the company, it is 1 98/100 per cent. on the present actual tangible assets of the company, it is a profit of but four and one-tenth mills per quart, and a percentage of profits on the entire gross sales of fluid milk during that year of but 5 2/10 per cent., and, if the $75,000 for additional expenses above referred to be taken into consideration, this 5 2/10 per cent. would be reduced to 4 4/10 per cent.

If the Borden company had for the year ending June 30, 1909, sold for an average profit of *one cent per quart* all its "fluid milk alone, New York alone," its profit, instead of being $496,976.36, as figured by Mr. Scudder, would have been on the same basis $1,202,233.14. If it had for the year ending June 30, 1909, sold for an average profit of *one cent per quart* all its "fluid milk and cream, New York and Chicago" its profit, instead of being $793,622.05, as figured by Mr. Scudder, would have been $2,130,214.75.

While in dollars and cents the profit may seem large, it should be judged in view of the magnitude of the Borden business and the figures given above show not a reasonable, but an inadequate return whether based on sales or on any other basis by which what is a fair and legitimate profit is determined in any other business and especially in a business dealing, with all its obvious risks, in a perishable product.

Seventh. Mr. Scudder in stating the total net profits of the company for the year ending September 30, 1909, made an error by concluding that in a certain account a six-months' period was

a three-months' period. As I and our accountants figure, the total net profits as given by him should be reduced by $128,149.92, making the total net profits, $2,488,879.48. The great bulk of this profit comes from our Manufacturing Department. Taking Mr. Scudder's profit on "fluid milk alone, New York alone" for the year ending June 30, 1909 (viz., $496,976.36), it is but 22 63/100 per cent. of our total profit from all sources.

Eighth. The actual tangible assets of the company (exclusive of all good will, patents and trade marks) amount, by actual book value, to $25,134,442.96. The total net profits as given by Mr. Scudder for the year ending September 30, 1909, less the error of $128,149.92 above referred to, represents a profit of 9.90 per cent. on the gross tangible assets and 8.67 per cent. on the entire outstanding capital stock. As has been said, the great bulk of this profit comes from our Manufacturing Department and it cannot be disputed that a manufacturing company is fairly entitled to earn at least a minimum of 10 per cent. on the value of its actual assets or, in other words, on the amount it actually has invested in its business.

Ninth. It does not seem necessary, as germane to this investigation, to discuss the question of the company's good will, but so long as it was referred to in Mr. Scudder's testimony some facts regarding it may be of importance. If Mr. Scudder, in using the term "balancing entry," meant to imply that no consideration was given to the question of the value of the company's good will at the time of the incorporation of the present company in 1899, he is wholly in error. The business of the Borden company was established in 1857, over fifty years ago. It was the pioneer in the condensed milk business. It was the pioneer in the present scientific methods of producing and handling fluid milk. It sells its products in every state in the Union and practically over the entire world. It owns numberless brands and trade marks appertaining to its manufactured product, many of them registered in foreign countries. It owns many patents and processes and formulas of great value. It has the accumulation, in its records, its literature, its knowledge of the trade throughout the world, its relation to the farmer, its organization, of over fifty

years of successful business. Every court, whether State or Federal, has repeatedly held that good will is property and a proper subject for stock issue. To say that such a good will as the Borden company has is water, or was valued merely as a balancing entry, would hardly seem to state the case fairly.

Furthermore, the entire outstanding capital stock of the company is $28,692,200, and deducting the actual tangible assets of $25,134,442.96 leaves $3,557,757.04. As a matter of fact, therefore, the excess of the par value of the outstanding stock over actual tangible assets, or the amount of stock represented by good will, patents and trade marks, is but $3,557,757.04.

Tenth. The increase in tangible assets since 1899 is owing to the wholly inadequate value then placed upon them, to the building of new plants and to the sale of increased issues of stock; and in every case such sale for cash required to provide for the increasing needs and expansion of the business.

Eleventh. The increases of 1909 over 1908 as shown by Mr. Scudder were caused largely by the decreased cost of milk and the increase in the volume of business; such increase being caused partly by the normal and regular increase and partly by the increase owing to the improved financial conditions in 1909 over 1908, especially over the first six months of that year. It is hardly appreciated what a falling off there is in consumption, especially in cream, during a period of financial depression.

Twelfth. Without repeating what has been said above, the position of the Borden Company is that, as far as it is concerned, it cannot, under conditions as they are to-day, sell milk in the city of New York, and maintain its present standard of excellence, at an all-year price of eight cents and at the same time make a profit which, to any fair-minded person or on any basis, would be at all adequate, legitimate or reasonable. Even by increasing to nine cents during the winter months, the company does not consider that the profit per quart or the profit on gross sales, as shown by the figures above given, would come within that depreciation. If by its ability, organization and economies the company is able to do a large volume of business at a very small profit it does not see any reasonable ground of criticism because, by reason of such large volume, the very small percentage of profit may in the aggregate amount to a large sum."

In our Route Department we sell fluid milk, cream, unsweetened, condensed milk, butter, buttermilk, cheese, casein.

(See Exhibit 6–A and 6–B.)

At the time that our Board acted on that question, they had already been advised of the fact that milk sold in October at eight cents meant a loss of about one-fifth of a cent, and that November and December and the following months would mean considerably more of a loss at eight cents; they knew that the period from October 1st to April 1st always was an exceedingly lean period; and they knew that we had contracted for the delivery of milk from the farmers during that period of six months at a price that was the highest ever paid in the history of the company; and it was all those facts taken into consideration that brought about the raise in the price of milk, and nothing else. Our bottled milk has been sold at eight cents without interruption from 1887 to 1907. Sometime in November of that year it was made nine cents. It continued until March 2d at nine cents, and despite the fact that we got nine cents for our milk during that period, estimated on the same basis as Mr. Scudder's figures, it would show a loss in bottled milk. I have been assuming in answering "Yes" to these questions as asked by you, that they corresponded with records as found; but, of course, none of them include any charge for depreciation, or accident cost, or insurance cost, except as noted, or bad debts, or interest on investment. In the case of bad debts and accidents, they become a charge against what we call our "Guarantee Fund," and insurance costs become a charge against our Insurance Fund, and depreciation against Depreciation Fund. Provision is made from the earnings of the company for those funds.

On June 30, 1909, the total capital stock of the company was $25,000,000, of which there was issued for trade mark, patent and good will, $15,428,408.46. The company was organized with a capitalization of $20,000,000. Of that amount $4,070,591.54 was paid for the assets of the New York Condensed Milk Co. I paid for 20,000 shares of the capital stock of Borden's Condensed Milk Co. at $25 per share. The New York Condensed Milk Company's capitalization is $3,000,000.

(At the conclusion of the examination of this witness, Mr. Marshall produced the following statement which was read into the minutes.)

"No one is more concerned than the Borden Company in keeping down the price of milk to the consumer and in making the production of milk profitable to the farmer. This company's profits depend upon the volume of its business. To increase the retail price cuts down the consumption and diminishes the volume. Also if the production of milk is unprofitable to the farmer, he ceases dairying. This compels the Borden Company to go further for its milk supply and to pay more for freight, icing and additional stations.

The Borden Company has no connection of any kind, direct or indirect, with the Consolidated Milk Exchange. Neither is it now or ever has been a party to any combination or agreement for the purpose of fixing the price of milk.

The business of this company, which originally was the manufacture of condensed milk, was founded in 1857, fifty-three years ago, upon the patents of the inventor, Gail Borden.

In manufacturing condensed milk, it was soon discovered that it was absolutely essential to obtain a high grade of sanitary milk to insure keeping quality. It thus became necessary to originate and enforce rules and regulations under which farmers supplying milk by contract would produce clean, pure milk, under the most sanitary conditions. In 1887 the company began the bottling of fluid milk in the country for sale direct to the consumer in the city. Milk bottled in the country where it is produced under strict sanitary supervision and delivered to consumers under original seal, containing all the constituents of the milk as taken from the cow, stands in a class by itself, both as to quality and freedom from germ contact.

The freight rate on bottled milk, such as the Borden Company furnishes, is much higher than on milk shipped in bulk or in forty-quart cans, and again there is a high extra expense involved both in the labor of handling bottled milk and the loss and breakage of bottles, and the heavy costs for icing to insure against bacterial development.

During the twenty years, from 1887 to 1907, the company

charged the consumer a uniform price of eight cents per quart. In the meantime it gradually raised the price paid to the farmer. When the increased price paid by this company to the farmer had risen 40 per cent. the Borden Company, on November 18th, 1907, raised the price to the city consumer to nine cents per quart, lowering the price again to eight cents in the spring of 1908, at which time the price to the farmer was also reduced. Again on October 1, 1909, the price paid to the farmer was increased for the period covered by the winter contract to the highest price ever paid to him, and the Borden Company, on November 1st, increased the retail price of milk 1 per cent per quart.

Had this company continued to charge the consumer eight cents, being obliged to pay the farmer the high price covered by the winter contract, it would have sustained an actual loss on its bottled milk business in the Metropolitan district in the month of November, a still greater loss in December and for the balance of the contract period.

During the years this company continued its uniform price of eight cents for milk to the consumer, the price of feed increased to the farmers as follows: Bran, 79.54 per cent.; middlings, 62.58 per cent.; oil meal, 37.33 per cent.; corn, 103.82 per cent. and oats, 73.26 per cent. The Borden Company increased the price to the farmer for milk, 42 per cent. The railroads increased their freight charges to the Borden Company 23 per cent. and the Borden Company paid increases of 20 per cent. to 25 per cent. in wages. Yet the company during this time has met all the increase in cost of milk, transportation and labor, owing to the volume of business, without increasing the charge to the public, for a specialized quality of bottled milk with the exception of the winter months of 1907 and 1908; and the present period since November of 1909. The increase in the price of milk from eight cents to nine cents represents 12½ per cent, or less than one-third the percentage increase in other food products.

The price of milk to the farmer is governed by the wholesale price of butter and cheese. To secure superior milk with the attention paid to the Borden sanitary rules, this company must pay a considerably higher price than a butter, creamery or cheese factory.

The wholesale price of butter has increased 63 per cent. the wholesale price of cheese 73 per cent. The retail price of butter and cheese has correspondingly increased. This is greatly due to the fact that butter and cheese go through many hands, by the Borden method goes direct from the producer to the consumer with only one profit. Mr. Marvyn Scudder, accountant to the Attorney-General states that profit to be 5.2 per cent., not allowing for depreciation, bad debts and accidents or less than one-half cent a quart. Compare that half-cent with the commission-man's, wholesaler's, jobber's and retailer's profits on a pound of butter or cheese or a dozen of eggs.

Realizing that the increased cost of bran, oil meal, oats, corn and other milk feeds diminished the farmer's profits, the Borden Company is arranging to co-operate with the farmers in assisting them to secure cows of greater productive capacity, with pure alfalfa seed and instruction in the raising of alfalfa and root crops and in other ways to diminish the farmer's feed bill and increase his profits. The average cow produces less than 3,000 quarts of milk per year. To increase this production by better breeding to 4,000 quarts is a moderate expectation. To substitute home-raised feed for purchased feed would make additional profits to the farmer. Either the production of milk must be more profitable to the farmer or the supply will continue to diminish.

Records of this company show that the average daily production of milk per dairy has fallen from 141 quarts to 109 quarts. Every such decrease necessitates the Borden Company going further afield for milk,this increasing the costs of transportation and icing, as well as the cost of receiving stations. It is of vital importance to the Borden Company to find some solution of how to increase the farmers' profits, and prevent a further tendency of the dairyman to go out of a business which he considers no longer a profit maker. The Borden Company knows that after paying the highest price ever paid by anybody to the farmer, that Borden's bottled milk laid down on the New York doorsteps costs the Borden Company to-day almost nine cents per quart without any charge for depreciation, bad debts, accidents, insurance, or allowance for cash invested in plants.

There are four parties interested in the milk business; the producer, the transporter, the distributor and the consumer. Of these four, the consumer has borne the least share of the general increase. The retail price of other food products — meat, butter, eggs, lard, cheese and flour — has increased on an average of over 40 per cent. The best and most wholesome milk — the kind that the Borden Company sells — has increased only 12½ per cent. That this increase is comparatively so slight is due to economies, the direct handling, and the efficient organization of the Borden Company, and to its policy of small profits and a large volume of business.

An examination of the statistics will show that the territory supplied by the Borden company received a far greater percentage of safe, sanitary milk, at a lower price, than any other cities in the United States."

BORDEN'S CONDENSED MILK CO.

WM. J. ROGERS,

President."

STEPHEN C. MILLETT:

I reside at Irvington on the Hudson. I am at present a director of the Mutual Milk & Cream Company, and have been since the spring of 1907. I have never been an officer of the company. I was a member of the board. I am connected with Millett, Roe & Hagen, bankers. I did not consult with any one connected with my company before the price of milk was raised to nine cents, on or about November 1, 1909; but I know that it was raised. I heard of it at the meeting of the board held a day or two before November 1st; that is my recollection. We would have liked to raise it before that, but we waited until the other companies all did. Mr. Kavanaugh telephoned me and told me that Borden's had raised their price to nine cents. I had some discussion with the officers, with Mr. Kavanaugh and the rest of the board. The matter simply came up from time to time that milk was being sold too cheaply. I should say that might have been a month previous. The experience of a year ago proved that we were facing a heavy loss if we continued at eight cents. My board did not authorize me or any one else to consult any other milk dealers to see if we could get them to agree

to this contemplated raise. My own business judgment told me that that was contrary to law. I could not tell what percentage of milk we bought on Borden's and what on Exchange prices. I think buying milk and setting the price from month to month is the ideal way. The Exchange sometimes makes prices in the middle of the month. The butter and cheese price would influence the price we pay. We can afford to pay more than the butter and cheese price. In my opinion, the butter and cheese price is the controlling price in milk. I do not mean to say that the New York market does not pay more, but we have to pay more to get the milk. I did not discuss with any one the question of the advisability or necessity of raising the price of milk prior to November 1, 1909. I did not authorize any officer of my company, or any employee of my company, to consult with or hold any communication with any officer or director or employee or representative of any other milk company, prior to November 1, 1909, in reference to an advance in the price of milk, and I do not know of any such consultation or communication. I know Mr. Marsden, and I think I have met Mr. Dunlevy Millbank of the Borden Company. Mr. Marsden is a member of Blair & Company. I never had any communications with either gentleman. Of the Sheffield Farms, Slawson & Decker Company I know Mr. Van Bomel. I know T. O. Smith and Christ. Vagts of the Consolidated Milk Exchange. I had no conversation with them prior to November 1st, relative to the raise in price. I think it is three years since we have had a representative on the Consolidated Milk Exchange. I do not know as there is any practice prevalent in my company for the purpose of standardizing the milk by means of separators; although I think we have separators in my creameries. We made more money in 1909 than we did in 1907 and 1908. I understand that Mr. Kavanaugh was approached during the late winter or early spring of 1909, in reference to the proposition to start a campaign of education in order to educate the public up to the idea of paying a higher price for milk through newspaper articles. The proposition was that we were to contribute money for the distribution of articles calculated to show that the price of milk should be raised. We turned down the proposition. We are at present selling milk for

eight cents a quart. We lowered our price because we found our competitors were selling the milk at a figure less than nine cents. I sell milk at wholesale less than eight cents a quart. Two conditions govern the basis of our basis price: Bordens and the Exchange, and our independent purchases, from month to month. We prefer to buy on the market. I consider Bordens is a pure gamble for six months. The market is the general price paid in the competitive centers for milk, at that time. I speak primarily of Pulaski. There is more competition at that point. There are two or three creameries there. It is not customary for other New York milk concerns which have no creamery at that particular point to step in and buy from these other independent factories. As a rule in New York no one can afford to sell for more than Borden; that is generally accepted among milkmen. My recollection is that we had a meeting of the board on the afternoon before the notice was sent out that prices would be reduced from nine cents to eight cents. I think this meeting was in the latter part of January, the 23d or 24th. Very often I think, we wait until Borden has made his price to farmers before we go into the country to buy milk and close our contract with farmers. Undoubtedly, Borden's price fixed to the consumer would be a factor of influence.

LOUIS J. MILLER:

My place of business is at 90 East One Hundred and Tenth street. I started in business under the name of the Harlem Dairy Products Company. I obtained my milk from W. Weed, Rome, N. Y. He supplied me with milk four days. He sent one of his men over to me, and he said we can't ship you any more because the health department stopped us from shipping milk from Rome, N. Y. He shipped to other dealers in the city the same night. To the United Milk & Cream Company. They got milk in the cans that were intended for me, that was how I know. We were there at the station when the milk came in, and we watched the train when it came in from Rome, and while we went over to get our tickets in the office of Mr. Harris, he said there isn't any milk from Rome for the Harlem Dairy Company. Then I went over to the train and found out the milk from Rome, N. Y., came to the Harlem Dairy Company, and

the United Milk & Cream Company get it. I saw the cans marked for the United Milk & Cream Company, in fact, it was some of our cans, twelve cans with our own mark L. M. B., meaning Louis Miller & Brother. That was the name before we went in the milk business. We were in the cream business before under that name. Before I stopped off with Weeds, I saw Mr. Carpenter of the Phœnix Cheese Company and asked him if he could ship me any milk. Then he said he could, he guess, about sixty cans a day. But when I had a contract with Weed I didn't care to make any other contract with Carpenter, because that would be too much for me; but the same day that was stopped off to me, on Monday, October 12th, I was asking Mr. Carpenter, Tuesday morning, and I told Mr. Carpenter, could you help us out with some cream to-night, and he said, I guess about twenty cans to-night. Mr. Carpenter sent us the same night twenty cans of milk, instead we were supposed to get forty cans from Weed, and we got only twenty cans the same night from Mr. Carpenter. I made a contract with Mr. Carpenter to supply me sixty cans a day until April 1, 1910. The Milk Dealers' Protective Association offered Weed ten cents a can more on milk than I paid him. I paid him five cents above quotation, and they gave him fifteen cents above the New York quotation and took away the milk from me. Blefford went around to the customers that I sold to. He is a can collector for the protective association. He went on the wagon under the name, "George Blefford, Milk and Cream Dealer." He went straight to every one of our customers and offered them milk at $1.80, that is, fifty cents below what I sold it. I got this information while I was in a place where he offered the milk and I heard him say $1.80, and then the customers that he offered went and told me there is a man came around by the name of Blefford and he offers milk to every customer, contract for six months, cash security $50, to every customer, milk to be sold to them at $1.80 per can, and if the price should be lower in New York city, then he would come down on his price accordingly. The names and addresses of some of these parties to whom these offers have been made are Tone Helfand, 1332 Park avenue; Isaac Posner, 57 East Ninety-eighth street; Theodore Silber, 99 East One Hundred and

Eleventh street; Nathan Mogeluf, 401 East Seventy-eighth street. They have stopped the dead wagon for the last three weeks. About the time this investigation started. First, Blefford went around with the name, Joe Blefford, and then when I showed his card to all the customers that he belonged to the association, the can collector, they stopped him off, so he went to work and had his wagon painted over under the name of the Central Dairy Company, and he went around and offered again the same customers with the new wagon, and when they asked him why he changed his name, he said because there is another Blefford in the business, is a collector for the association, and Miller says I am the Blefford, and I have to change my name under the name of the Central Dairy Company. Mr. Levy of the Levy Dairy Company came to see me, and said I shouldn't bother the trade. Of course I knocked the price. He told somebody else that if I did not stop that he would get square with me. I have about fifty customers to whom I have sold milk, and those fifty customers claim they can't buy my milk because there is a new milkman now under the name of Blefford or Central Dairy Company who is offering his milk fifty cents below; we don't want you; the man gives a contract for six months, $50 cash security, and he guarantees us from any trouble of the health department; why should we be afraid of him to take his milk, and say why should we buy yours and pay you fifty cents on every can of milk. That was the answer of every grocerman. When I was selling ten cents below the association price, I had a profit of twenty-three cents on a can. That was gross profit. The association price is thirty-eight cents above the Exchange price. That is the rule year after year. Above the Exchange, except the freight, they charge you extra. For instance, to-day the market is $1.70 in the Milk Exchange and thirty-two cents freight, that will be $2.02, and thirty-eight cents will make $2.40. The grocermen sell dipped milk at the present time from six cents to seven cents a quart. I sell milk only by the can to stores. I buy some of the cans of the Ironclad Manufacturing Company and some of the Dairyman's Manufacturing Company.

NATHAN MOGELUF:

I reside at 401 East Seventy-eighth street and am in the grocery business. I sell milk. Store is at the same place as residence. I know Miller Brothers. I am buying now of them. I commenced buying about six months ago of them. I didn't have any agreement. He promises me that he will not raise in a year. Suppose he sells ten cents lower in price than the Exchange market. Miller said he would do that. By Exchange price I mean the price of the Milk Dealers Protective Association. That is always thirty-eight cents above the Exchange price. Miller agreed to sell me ten cents below the Exchange price. That is the retail milk dealers' price. That would make it twenty-eight cents above the Exchange price. (Copy of contract signed by Blefford to induce witness to buy from him copied in the evidence, reading as follows): "I, George Blefford, agree to serve Nathan Mogeluf at 401 East 78th Street, N. Y. City, milk according to rules and regulations of the Board of Health from November 7th/09 to November 7th/10 at 12 cents below Exchange price $1.92.

"GEORGE BLEFFORD,

"427 EAST 9TH ST., NEW YORK CITY."

"Exchange price for the coming year."

Yes, Blefford gave me the following card:

"Telephone 2572 Lenox

"GEORGE BLEFFORD,

"WHOLESALE DEALER IN

"MILK AND CREAM

"427–435 East 90th Street,

"Residence 428 East 89th St., New York."

About two weeks later he gave me the following card:

"CENTRAL DAIRY COMPANY

"WHOLESALE DEALERS IN

"MILK & CREAM

"428 EAST 80TH STREET,

"NEW YORK."

I have known Blefford about five months. He came to me about two weeks from the time I started to buy milk of Miller. Costly also came to me. His place is First avenue between Seventy-sixth and Seventy-seventh streets. When I started to buy milk of Miller about two weeks, Costly came to me, he says why I shouldn't buy milk of him? I says "Because I get it ten cents a can cheaper. I use three cans a day, is thirty cents." He says, "I couldn't give it cheaper the milk, but he wouldn't stay long, that Miller wouldn't stay long in the business and you would have to buy of me again anyway." "Well," I says, "You sell me any time if I come to you, if I pay, you will sell to me." He says, "Certainly I will." So all right, about two weeks after I buy milk of Miller, Blefford came to me and asked, "Where you buy milk?" "From Miller." "How much do you pay?" I said, "So much." Blefford says, "I got a new business." He says, "I am a farmer and my father is a farmer and we have milk. We sell milk wholesale in New York city, about 130 cans." He says, "In a car is 180 cans and we have got 50 cans and we have to pay anyway for the whole car." He says, "Freight, that the milk don't cost me anything to deliver it from the country and I can sell it for $1.80 to you." I says, "All right. Make forty cents a can cheaper is a whole lot of money." "Will you make a contract?" I said, "Certainly, I will." He started to make the contract. "I will be here again to-morrow." I couldn't make it now because I don't know how to make out a contract. I asked him for one of them. "I will be here again to-morrow." He came again to-morrow and we made the contract. (Same contract already went in the record.) I said, "Blefford, suppose you were short of milk, what am I going to do?" He says, "Take $40 of my cash as security, and if you don't have milk you will have $40." "I told him that isn't enough, $40. What am I going to do that time if I can't get milk two or three days, I lose the whole trade." He says, "I will give you $40 cash and one week milk, but the week milk you have got to pay for, not now, but in a year, if you finish the contract, then you pay me." He says, "All right, I am satisfied." He makes the contract. "I will buy after the first week." I told him that on Sunday. Of course, Saturday I settled with Miller, and Sunday — that was I think about Wed-

nesday. Wednesday Miller came to me and said, "Blefford was here?" I says, "Yes." He says, "To sell you milk?" "Yes." I told Miller that I like to stop to buy milk because I get it forty cents cheaper. He showed me a card like the same card, but on the card was can collector of the association. The following is the card:

"MILK DEALERS PROTECTIVE ASSOCIATION,
"621 EAST 12TH STREET, NEW YORK CITY.
"GEORGE W. BLEFFORD, CAN COLLECTOR."

Yes, that was the card that Miller showed me. At that time I told him what I would like to do. The man told me he was a farmer, that was the reason he sold milk because it wasn't expensive. He says, "If you don't want to believe me, buy milk of him, but I know sure that is the Milk Association." Well, it was Friday, and Friday I went to the telephone, the same number, I think that is the same number, and I called upon the same number on the telephone and I asked him, "Who are you?" He says, "I am the stable man from the Mutual." "Where is Blefford now?" He says, "He will soon be there." "Well, tell him he shouldn't bring any milk Sunday." Of course, I see this is not right. Blefford didn't come to me, and he delivered milk Sunday, two cans, and Miller brought milk. I didn't use any milk of Blefford. Of course I wanted to make the forty cents and I used Miller's milk. Monday he didn't come and he didn't take any milk, and the milk stayed outside. I didn't use his milk. I let it get sour, left it outside. Monday Blefford came to me, "Why didn't you use the milk," he said. "Well, I found it was from the Association, I didn't want to bother. I have to bother one week with you and you lose your $40. I don't want to make the $40, make me more trouble than the $40." He said, "You wouldn't buy of me?" I said, "Why, of course, I know you are of the Association." He said, "No." The next week he came with another card, headed "Central Dairy Company." He came with a new wagon and new cans, about fifteen new cans. He took the milk away from me. He says, "Well, you use my milk?" I said, "I couldn't use it. I couldn't stop buying of Miller. Of course, I know this thing sure, you have got the milk from the

Association." He says, "You don't believe me?" I said, "Certainly, I don't believe you." After a week he came again. He said, "Well, you wouldn't buy milk of me?" I said, "No, certainly I wouldn't. If I know sure that the milk belongs to you, that you got it from your farm, I would be glad, if I can make eighty cents or $1 a day, why I make it." He says, "All right." He showed me the new card of the Central Dairy Company. I said, "With whom you partner?" He said, "My father." I asked him, "Who is the Company?" He said, "My father and I." All right, I says, "Now I wouldn't buy any." "Why?" "Because I don't want to." He said, "All right, I will bring tomorrow my father here and he will explain to you that he is the farmer and he is responsible for me, that if I wouldn't sell you milk, he will be responsible." "All right, bring your father," I said. The second day an old man came and he says, "This is my father." The old man speaks German. I asked him, "Is that your son?" He said, "Yes." He even couldn't speak good any more. Maybe he do extra, I don't know. He couldn't speak. "Do you know Blefford?" He said, "That is my son." I said, "Where do you live?" He said, "I live in the country." I said, "Have you got a farm?" He said, "Yes." I said, "Have you got milk?" He said, "Yes, I got milk." I said, "All right." He says, "I want to sell to you, my son together in partner." I said, "All right." He says, "But you don't believe me. But he said that is my son and we will sell cheaper than the Association." Then I promised him again. I believed him when the father came with him. I promised him again, and the second day I told him he should come and make with me a contract, a new one. He said, "All right," but on the second day he didn't come any more. I told him, "Blefford, I know for sure you are from the Association. Of course, I see your card and at the bottom of the card is can collector." He said, "That is my brother."

GEORGE L. NICOLLS:

I am a director of the Borden Condensed Milk Company and have been about ten years. I attend the directors' meetings, acting on committees. I am also general counsel of the company. I know none of the directors of the Mutual Milk & Cream Com-

pany or Sheffield Farms Company personally, except Mr. Ely who is a member of the Consolidated Milk Exchange. I have never been present at meetings where the raising of the price of milk was discussed. Speaking of the good will of the Borden Condensed Milk Company, that matter was given very careful consideration. All the elements that go to give value to good will, past earning capacity, were carefully considered, and the company was advised by my firm, as counsel, as to the legality of the stock, and the directors passed on it as a practical business proposition.

CHRISTIAN OHER:

I reside at 154 Eagle street, Brooklyn. Am a milk dealer. I own the National Dairy Company. I sell bottled milk. Prior to November 1st the price of my bottled milk was eight cents. I did not raise the price to nine cents. I have never raised the price to nine cents. I attended a meeting in Williamsburgh, at Ten Eyck and Lorimer streets. I believe John P. Wierck, G. C. Weatherhorn, George Ryder were there, and there were a lot of South Brooklyn people, but I don't know their names. The speaker, John P. Wierck, presided, the president, he was the first speaker. I came in late. The only thing I heard was arrangements being made for a banquet in St. Mark's Hall, Manhattan. I attended that banquet. Mr. Beakes made a speech. The Empire State Produce Company, Otto Huth, manager, told me to go down to this meeting in Williamsburgh. There were railroad fellows at the banquet. Some one from the Lehigh Valley, New York Central, and D. L. & W., and I believe there was some one from the Ontario & Western, if I am not mistaken. I do not know of any other meetings outside of this one that I have mentioned. I was talking with a friend of mine to the effect that milk should be nine cents, but we did not dare to take the step because we would probably lose the business, and I sell wholesale at the same time, and I did not think it was necessary to go to nine cents, and I couldn't get it. The class of trade I have got would hardly pay nine cents. In my business, one man and a horse takes out from fifteen to thirty cases of twelve bottles each in a day. I have four creameries. One creamery is near Amsterdam, N. Y.; one near Oneida; one is on the other side

of Oneida; and one in Uniondale, Pa. In one place I buy on Borden's price; another one I pay ten cents above Exchange; and in another one I pay Exchange prices. My agreement when I buy at Exchange prices is, "I will buy your milk for the Exchange price, or five cents above or five cents below," etc. That is the contract. When I buy on Borden's prices, I pay what Borden pays. If they drop, I do the same. I don't think I am losing anything on milk at eight cents. I do not make so much in the summer. There is loss of bottles and expenses attached to it, shrinkage, etc. We fill about 240 cases, and we lost two cans of milk shrinkage. Now, when you pay $1.70 in the country for milk and thirty-two cents freight, you simply will bring that up. The price is pretty low, and horses and horse feed are high. The lowest price that I got milk last summer is a dollar a can. That is two and one-half cents a quart. I make a little more profit during the summer months than I do in the winter months. In the summer you have to buy ice.

JOHN PAUL:

I am vice-president of the Mutual Milk & Cream Company and was elected April 2, 1909. I was a director one year previous to that. Am in the manufacturing business. Separators. The DeLaval Separator Company. I am cashier. I never have been to any of the meetings of the Mutual Milk & Cream Company, other than directors or stockholders. I remember the matter coming before the board with reference to fixing a price to producers of milk. I cannot specify particularly one case, but it was done frequently. The matter of fixing prices in the country is brought up from time to time and usually referred to the executive committee. Borden's and Exchange prices are usually mentioned as a basis. We repeatedly establish a price at our meetings, that is, independent of Borden's or Exchange. It is possible to adjust a separator so that it will run milk at a certain percentage of butter fat and save the excess of cream. I don't know whether a separator could be adjusted to leave 3 per cent. or 3½ per cent. of butter fat in the milk. We advanced the price previous to November 1, 1909, but we couldn't stand out alone and keep up the price, and I should say that our desire was to get all the milk dealers to advance the price. I

think the advance was generally about November 1st in the price of milk. It happened to be concerted action. Borden's started the ball rolling and every one went up. I think there was something in the discussion that I had previous to November 1st in which the date November 1st was mentioned as the day when the price should be raised, or could be raised advantageously. I think the matter of the discussion of the raise in price of milk was mentioned from time to time, as of October 1st, November 1st or December 1st, for that matter. I understand that when the change was to take place it was to be October 1st. October to April is the winter price and April to October is the summer price. I think they are all anxious to go independent of any concerted action. I have never had any communication with any of the officers or directors of the Borden Condensed Milk Company. I have never had any communications with the officers or directors of the Sheffield Company. The only member of the Consolidated Milk Exchange that I know is T. O. Smith. In regard to the protective association I understood the purpose and existence of the association was in reference to having certain bills passed by the Legislature. I heard something about our company paying $500 to them, but I don't know what it was for. I heard about the campaign of education mentioned in the committee of the board of directors. It was a proposition to educate the people as to the advantage of having good milk and the extra cost incurred in delivering such milk and the necessity of giving a higher price. It was turned down flat. They didn't believe in spending money. In regard to the $500 which we paid the protective association, I didn't investigate the people it went to nor the reason why it was paid, but I don't think after your information that I would let it happen again.

Isaac Posner, Grocer:

I am in the grocery business at 57 East Ninety-eighth street. I sell milk. I get my milk from Liebermann Dairy. Miller came to me and said if I would take milk from him he would sell it to me ten cents cheaper than Liebermann. Then I took from Miller about two months. Then Blefford came to me and said he had a farm and he would sell milk to me at forty cents cheaper than

anybody or $1.80. I took two cans from Blefford and two cans from Miller. Sometimes over two cans. Then I stopped Blefford and took all from Miller as some people say Blefford's milk is bad. Finally Liebermann came to me and sold me milk ten cents cheaper. Then I took from Liebermann. Blefford came and said that the man was a collector of the Retail Milk Dealers' Protective Association. I heard that Miller's horses were poisoned by the association.

HENRY RAUCH:

I reside at 1283 Hancock street, Brooklyn, and am in the milk business under the name, "Henry Rauch Co.," principal office, 27 Garden street. I am the president. Mr. F. H. Hueg is vice-president; Mr. Gruehn, the secretary. We are capitalized at $45,000, all common stock. I own pretty near all the stock. The stock was issued for property. It is a New York corporation, organized three years ago. I was in the milk business thirty-two years previous to that. The first year we paid 12 per cent. dividends; the first part of the second year we paid 12 per cent. dividends; and the last part of the second year we paid 6 per cent. dividends; last year, we didn't pay anything. We draw a portion of the profits of the corporation in salaries. I have not increased the salaries since the corporation was organized. I have no branch stores. I have creameries in the country; one at Bridgeville, N. J., Willawanna, Pa., Apalache, Cortland and East Homer, N. Y. I sell all my milk in New York. I was a stockholder in the Milk Exchange, Limited, owning five shares. I was never an officer or director of the Limited. About the same members composed the Consolidated that composed the Limited. The five shares were transferred to the Consolidated Exchange. I boought my stock in the Consolidated. I have never been an officer or director of the Consolidated. I think I attended one stockholders' meeting of the Consolidated. I used to attend meetings of a creamery insurance and their meetings were held after the meetings of the Exchange, and sometimes I went in and they didn't object to me. There is no difference in the business done by the Milk Exchange, Limited, and the Consolidated Milk Exchange, just the same business exactly. The old Milk Exchange, Limited, fixed the price or value of milk and the Consolidated does

the same thing. I would describe the Consolidated as simply a continuation of the old Exchange. I found out the price that was placed upon milk by the Consolidated through the country papers and a postal card from the "Milk Reporter." Regarding the uses of the price fixed by the Consolidated, I would say that we had an equal price to buy and sell on; before the Milk Exchange started we had an awful trouble with the prices of milk. At that time a good many farmers were shipping in and they wasn't on the same standard as now where all the creameries are. At that time Orange county was about the farthest district where we drawed milk from, and every farmer came down every half month or month to collect his bill; then he brought his bill along and he says this is the price of milk, and whenever we paid this price, another one claimed this is the price of milk, and there was maybe three or four different prices all round, and sometimes it happened that one farmer came down and we told him that this is the price of milk and we paid him, and he came back the next month, he came down and he said, "You didn't pay me enough. I got to have a quarter of a cent more" and I had to pay it out of my own pockets, and there was a mix-up all the way around; so they came to the conclusion to come to one standard price and they organized the Milk Exchange so that we would go by it and the farmers should go by it and we can buy and sell, we can have an equal price, a benefit to both parties. That was intended at that time, that for the farmers should take about half of the stock of the Milk Exchange, so both parties had something to say about the price, so that there would be no fighting. But some of the farmers didn't take stock, and others — you know what the farmers are — they refused to give out any money and when the other farmers found out that there was only a few taking stock, maybe some of them needed a little money there at that time, they sold out, they came right to the creamery, me there, and offered their stock, and I suppose they took it up again. That is where it comes to, that it is only maybe two or three farmers now or countrymen who owns stock in the company. Of course, they have no benefit from it there; the money is lying idle; there is no money benefit to it. All they can pay, $2 assessment every year. I buy some on the Exchange price because the farmers ask me to adopt it. I have been offering Borden's prices and they

refused to take Borden's price; they wanted the Exchange prices. I subscribe to the "Milk Reporter" and I think I pay twenty-five cents extra for the postal card. If the Milk Exchange meets one day, we generally get the price the next day after, through the postal. I do not know of any agreement among the members of the Consolidated to maintain or pay the price fixed by the board of directors. The reason most of the members pay the Exchange price was because it gets published in all the papers and they are all governed by that. It is my opinion that when the Consolidated Milk Exchange establishes a price and that price is published in the paper that it affects a great majority of the trade and they come to that price and expect to buy or sell on that price. I am selling bottle milk now at eight cents just the same as before. I sell dip milk at from six cents to six and one-quarter cents a quart wholesale. I sell about 3,000 quarts of bottle milk and about 150 forty-quart cans of dip milk. I do not lose money by selling bottle milk at eight cents a quart. I am making the business pay. There is a great flush of milk in the market at present. I did not raise my price in 1907. I managed to make a living without raising it. I think I paid Exchange prices during 1907, 1908 and 1909. Yes, I remember a man named Gorman, coming around selling books. He also wanted to start a so-called campaign of education. I paid no attention to it. I am not a stockholder in the Dairymen's Manufacturing Co. John Walsh and a man named Sidney Bell collect my cans. Bell lives in Jersey. I paid these men about $5 a year. Following is my method of handling milk from the time I receive it from the farmer until I deliver it to the consumer here in the city: When I get the milk in cans — just now they bring it once a day, they have to cool the night's milk and then bring it. Some of them haven't properly the water, satisfactory water, to cool it and keep it over night, they have to come twice a day during the summer. Now when they bring in the milk, it is received by men at the creameries; it is measured. From there it goes into the receiving vat, strained and goes in the receiving vat. From the receiving vat, I pump it up to a cooler, pipe cooler, the upper part going to well water and the lower part ice water, cool it right down to about forty or thirty-eight. Then my milk is ready to ship, whatever I want to ship or bottle,

that is to be shipped in cans or bottled, and the rest is run through the separator and make butter and cheese, either make full cream cheese, half cream cheese, sweet butter, salt butter, pot cheese; whatever the demand is in the market.

After that is cooled, then I put it in the bottle filler and then it is strained again through cotton; all the milk gets strained through cheese cloth and cotton so everything is taken out and it goes in the bottle filler and is bottled and capped and with the slips on, the date one, and ice up and put in the cases and put it in the cars and ship it. When it arrives on the platform here in New York city, I have my wagons over there to load it up and bring it right over to my place. Each wagon should take about 250 to 300 quarts on a good route. I can make a little money at eight cents a quart bottle milk, when each wagon takes out from 250 to 300 quarts. In order for a wagon to be profitable, I should say that it could not deliver less than 200 quarts.

JAMES C. RIDER:

I reside at Central Valley, N. Y., forty-seven miles from Jersey City. I own a farm. I produce milk in a small way. I have been in the milk business since 1876 as a milk dealer. My principal place of business is located at 102 Normal avenue, Greenpoint, Brooklyn. I am in business under the name of James C. Rider & Co., incorporated under the laws of New York. We were originally $6,000 capital stock. About two years ago, our capitalization was increased to $24,000. I am president of the corporation. We have not paid any dividends in the last three years. I own the majority of the stock. I have a creamery at Bridgewater, N. Y. I sell my milk in New York. I presume I was a stockholder in the Milk Exchange, Limited. I am a stockholder in the Consolidated Milk Exchange. I own six shares. I do not remember how many I had in the old Exchange. I have never been an officer, director or stockholder in Borden's, Sheffield Farms or the Mutual Company. I have never owned any stock. I have attended stockholders' meetings of the Consolidated Milk Exchange. I have attended at Harrison street and Jersey City. In the old Exchange, we bought milk through them; with the new Exchange, we have not. That is the difference in the business. The Milk Exchange, Limited, fixed or

found the values of milk, just the same as the Consolidated Milk Exchange does at the present time. The Consolidated Milk Exchange is beneficial to me because it establishes a price which governs the market, that and the Borden price. So far as I am able to tell, they average about the same within the past two or three years. At those meetings, men meet and discuss the value of milk, the value of butter, the value of cheese, and by-products, and in that way, come to a conclusion what a quart of milk is worth. The dealers usually give an idea of what surplus or scarcity there is, whichever there may be in their locality; and from that the conclusion is drawn that a quart of milk is worth so much money. I have heard considerable discussion here between the counsel — I am surprised at the attitude that the counsel and the whole thing has seemed to be taking on. It isn't pleasing to me. I believed that this business was to better the condition of the milk business for the people and for the dealer; and from what I have seen and heard this morning, it seems to be entirely antagonistic to that point. Now I don't feel that we could do business without the "Milk Reporter." I don't feel that we could do business without the milk cards that the "Reporter" issues. I receive the cards. It gives me a broader idea — that is, it gives the people that advantage and opportunity of informing themselves if they want to. Now, I recommend it to my farmers and they are pleased to get it. I am pleased to put the "Milk Reporter" in every farmer's hands that I can, just as much as the machinist is to put the "Scientific American" in the machinist's hands. I think the "Milk Reporter" is just as much use. I don't know a man on the staff of the "Milk Reporter," but I have a little "Milk Reporter" in my pocket at home, I think published in 1876, when we gave a man a few dollars to go around and investigate the condition of the market, and just as you have been informed here this morning, this man would say I am paying so and so. I am paying so and so. And it was just simply a continual unsettled condition of the market and law suits all the time. Some of the people are older than you are and possibly older than I am could give a great deal better idea of that than I have given to you. Well now, the "Milk Reporter" has certainly overcome a good many of those little things. They carry into the

home and into the families the condition of the market, and I do not think that we could very well get along without just the memorandum that we have. By memorandum, I mean the "Milk Reporter" and the card. They publish the price established by the Milk Exchange. I am quite sure that when I see the price in the "Milk Reporter" that it is correct and the valuation that the Milk Exchange has established. The board of directors of the Consolidated Milk Exchange is composed largely of dealers in milk, but I want to say right there that the stock was offered to the farmers just as much as to the dealers. I think the reason the farmers dropped out and that there are very few farmers on the board of directors now is largely due to the farmer's perfect confidence in the dealers. I think it would be a good plan for all the milk coming into New York to be under one management, and that management under strict State supervision. I am losing money at the eight-cent price. I did not raise the price on November 1st and if the eight-cent rate was continued throughout the year, I would make enough in the months when milk was cheap so that I would realize a fair profit on the investment. I sell about 2,000 bottles of milk a day at the present. That is all put out at seven and one-half cents and eight cents a bottle. I did not hear of any meeting of the board of directors of the Consolidated Milk Exchange that was to consider the advisability of recommending the raising of the price to the consumer. I know some of the milk dealers held some meetings in Williamsburg. I do not know who was present. Those meetings were called in reference to the raising of the price of milk. I think one of my cousins went to one of them, either George or Samuel Rider. Mr. Wierk talked with me over the telephone. He said he thought the price of milk ought to be raised from eight cents to nine cents a quart. I told him at the time I thought we ought to. He said that all of the others were going to raise the price to nine cents. By "the others," I mean the Milk Exchange. I don't think the dealers in Greenpoint wanted to raise the price to nine cents — I am not speaking of the little stores, but I mean two of the large dealers — what you might call our competitors. I met Mr. Wierk and the superintendent of the New York Dairy Produce Company, Mr. Oher,

and discussed the advisability of advancing the price to nine cents. I thought that it ought to be done. I heard from Mr. Beakes about this time and he thought the price ought to be advanced. He quoted the prices that we were paying for milk and said that we were losing money and all that. He thought that we ought to get together and raise the price.

WILLIAM E. ROGERS:

I reside at 44 Clifton place, Brooklyn. I have been in the milk business about twenty years. I am president of the Diamond Dairy Company. Also a director. I think it was organized about ten years ago under the laws of the State of New York with a capital stock of $120,000. C. A. Wickes is vice-president, I. V. Ketchum, treasurer, and H. S. Hanna, secretary. G. H. Niemeyer, I. V. Ketchum, M. F. Rogers and George C. Rogers are directors. I own 142 shares of stock of the par value of $100 each. It is a close corporation. We have not paid any dividends. I receive $25 a week plus 5 per cent. of the par value of the stock that I own. Sometimes we made improvements and didn't take out the 5 per cent. We own three creameries in the country. They are in Susquehanna county Pennsylvania. We have one in Sussex county, New York. We have some branch stores in New York city, borough of Brooklyn, at 795 Seventh avenue, 344 Seventh avenue, 86 Butler street, 630 Fulton street, 1152 Bedford avenue, 487 Nostrand avenue and 185 Ralph avenue. Our main business is bringing the milk from the creameries and selling it in the borough of Brooklyn. I am a stockholder in the Consolidated Milk Exchange. I own five shares of the stock personally. I suppose I bought them ten or fifteen years ago. I was not a stockholder of the old Milk Exchange. I am one of the directors of the Consolidated at present. Have been for less than two years. I don't own stock in Bordens, Sheffield or the Mutual Company. I was an employee of Sheffield Farms about twenty years ago. We have done a little business with Sheffield Company. We buy or sell to them occasionally in case either of us are short. Perhaps about half the time. When it is possible I attend the meetings of the board of directors of the Consolidated. When they fix the value they consider the weather, the supply — whether the city is filled with milk or whether there is a lot of

goods held back in the country, also the butter and cheese prices and anything else that might tend to influence the price or value. There are five shares of stock still standing in the name of William E. Rogers & Company, with whom the Diamond Dairy Company consolidated six years ago. The meetings of the Consolidated were usually held in Jersey City and at 6 Harrison street. The Consolidated Milk Exchange has no dealings in milk that I know of. They consider the value of milk and take up the question of collecting cans and legislation. When this value was placed each one casts a ballot as to what he thinks the value of milk should be, and these are counted and each one is asked for his reason for thinking it should be so much, and after this is done a formal ballot is taken and those are counted, and the value of milk is placed in accordance with the majority of the formal ballot that decided for any one figure, and the chairman of the meeting made an announcement of that formal ballot as follows: "The committee finds in their judgment the value of milk to be so much for a forty-quart can, with the allowances." I know the "Milk Reporter" published the value. It was headed "Milk Exchange prices." That gives us an idea of how the situation is. It enabled us to fix our prices to the farmer. We think the information gathered is very valuable. It makes quite a difference if there is plenty of milk coming in or if there is plenty back in the country or if butter and cheese is high, and whether it is dry in the country or very good pasture. When I attend these meetings I go as much for the information that I get in regard to the situation in the country as I do for the value they place there. I suppose that the value placed on milk would influence us in the price we had to pay to the farmer. In buying milk in the country I don't always establish the price that corresponds with the value found by the Exchange, but do sometimes. The competition in the vicinity of my creameries controls the price. Some of the competing creameries are owned by members of the Exchange and some are not. After the valuation changes on the Exchange and we conclude to change the price to the farmers at all at that season, we do it then. I think this practice is followed in the majority of our creameries. Our method of changing the price at the creameries is to write a

letter to post up a card giving the new price until further notice. We haven't made any changes in the price at the creameries in the last month. Don't remember when we did make any changes in the price. It is not our practice to change the price to the farmers corresponding to the valuation fixed by the Exchange nor to buy milk as low as the values found by the Consolidated Milk Exchange. We try to buy milk as low as we can. But we couldn't always buy it at any figure, it would depend on our competition in the neighboring creameries, and I am not paying now practically the value that the Exchange places on milk. We are paying more than the Exchange price. I think I am paying about ten or seven cents a can more for the far off milk than the Exchange valuation, and about the same as the Exchange price for the nearby milk. We pay the farmer $1.77 per can, furnish cans, wash them and pay all the freight. That price is net to the farmer. I have never seen the articles of incorporation of the Consolidated Milk Exchange.

Q. And the object then, as you understand it, of the Consolidated Milk Exchange is to have a uniform value placed upon milk; is that it? A. Yes, sir.

Q. And it is supposed that this uniform value that they place upon milk will be generally paid to the producers for milk at the time or about the time that it is placed on it? A. I don't know.

Q. It is generally supposed? A. I don't know. We don't pay the same even at our places. Our prices differ from the Exchange prices at different times.

Q. But take the general average throughout the year, aren't they about the same, the values that you place and the values established by the Consolidated Milk Exchange? Now, I do not want to influence you into saying it. I want to get the fact, Mr. Rogers. Aren't they about the same? I don't want you to say it to satisfy me, but I want to get the fact. A. No, sir, they are not.

Q. They are not? A. No, sir. There was no method that I know of of notifying the members of the resolution passed by the directors. I never saw any reporters present at the meeting, but they wait around until after the meeting. I think the reporters sometimes come to the door and ask the officers what has been

done and the officers tell them whatever value they have found. I know Mr. Stanton, the publisher of the "Milk Reporter," and I have seen him at the meetings, and I think he would have the privilege of the room if he was there. I never saw him but once or twice. While I was a member of the Exchange the price to the consumer was never discussed, and no regulation as far as I know was ever established to bind members to observe the values found by the Exchange nor was there any regulation that influences the members to observe the values found by the Exchange. The only thing that influenced us was the statements received from the country. That influenced the directors in arriving at values. I raised the price from eight to nine cents for bottled milk November 4th. My business is about half in bottled and half in dipped milk. I handle about 6,000 bottles per day. About the same of dipped milk, and I advanced it about one-half cent a quart at the same time. We change the price for dipped milk according as the price changes to the farmers in the country. I think our price for dipped milk is six or six and one-quarter or six and one-half cents. I discussed the advisability or necessity of raising the price with some of my dealers at different times and different places. Any time that I might meet them. It was a question of getting more money or some of us having to go out of business soon.

Q. Was not the question of agreement to advance the price discussed with you? A. No, sir. Some subject might have been discussed at the Consolidated Milk Exchange after the meeting. I don't remember that it was discussed after a meeting held in October, 1909, nor I don't recall that I was present. There was no discussion while I was there. No discussion took place during the meeting. There might have been a general talk in a general way after the meeting about the advisability and necessity of raising the price. I would not say that at the meeting on the 30th day of October, 1909, other dealers didn't say to me that they intended to raise the price about November 1st. I have never attended any gathering or meeting at which it was generally agreed that the price of milk should be advanced on or about November 1st. Several gentlemen called upon us from different newspapers about a campaign of education, we are to

insert a car in a paper and "they were going to write up a lot of other matter." Neither the Bordens, Sheffield or the Mutual own any stock in the Diamond Dairy Company, and I am a member of the Mutual Aid Society. I have never been an officer or director of the Dairymen's Manufacturing Company, and I have never been a member of any committee of the Exchange. I don't know that there is any committee on price and sales in the Exchange. The price or value made by the Exchange might to some degree affect the price in the country.

WILLIAM J. ROGERS:

I have resided in Orange, N. J., for fifteen or eighteen years. Except the former president, now dead, I know none of the officers, directors or stockholders of the Sheffield Farms Slawson-Decker Company, nor have I ever had any communication with any officer, director or representative of that company in any manner, shape or form. I have been president of the Borden Condensed Milk Company since 1901. My company advanced the price of bottle milk from eight cents to nine cents a quart about November 1st. Except with Mr. Taylor and one or two others of our company, I had no discussion with anybody else about the matter of advancing the price. I talked with Mr. Cochran, of our Route department, and we determined to advance the price on November 1st. We took every precaution that our intentions should not become known to others. In our notice we gave no reasons for the advance, but simply stated that until further notice, "milk would be nine cents a bottle." The object of the notice was "to give the customers an opportunity to change if they did not choose to pay the advanced price." I consulted with no one except Mr. Cochran and Mr. Taylor of our company in reference to the advance in price. We consulted with no one. It would not make a particle of difference what others did. We gave the question of others raising the price no consideration. We have only one price — no graded prices like some others have. I know none of the officers or directors of the Mutual Milk & Cream Company.

Q. Will you tell us, Mr. Rogers, how you make the prices that your company will pay the producers for milk? A. We have a system of contract. There are two periods. That is the spring and winter contract. The first thing we do

is to send out to the superintendents a blank asking them to report the quantity of milk they can buy at their stations, their present dairy, and to also advise us as to what they can get in addition to their present dairy. We then ask their recommendations as to what price it would be necessary to pay in order to secure that quantity of milk. That is the first move. Now, after a while we get those reports all in and when we receive those reports then we get together, the officers get together — the executive officers — and discuss the situation. We study it not from the standpoint of the local superintendent but from the broader gauge, taking the condition all over the State and country. The prices of butter, price of cheese, price of feed, prices of various feeds, whether they have advanced or not, and whether the butter and cheese prices were stiffening up. Then we discuss that and conclude what would be a fair price to offer the dairymen for their product. That having been done, we send out a notice to the superintendent giving him the quantity we allotted to the various plants, the quantities they are to buy. We send a letter to the various superintendents giving their allotments, a certain number of pounds of milk each month in the six months at the following prices — at the prices you will find inclosed on a slip in the envelope. Instructions are given not to open that envelope until the morning of the contract. That is, we will say, the 15th of September, so the dairymen themselves will come in, and that is the day they receive their checks. On the 15th of September, the superintendent is supposed to open that envelope showing the prices, and on the back of it he indorses, "opened such and such a day" and that is witnessed by one of the factory men. So we have the two signatures showing that the envelope was not opened until the instructions said to. Then they paste the prices up on the bulletin showing what the prices are, so the farmers can come in and see what the prices we offer are for six months, and it gives them a chance to discuss it among themselves before signing it. That closes that.

(Form of contract offered in evidence, marked Exhibit No. 1, of February 9th.)

(Various exhibits received showing the method Bordens employ in doing business with the farmers.)

We took the Exchange price into consideration with other things in arriving at a price that we paid for milk. "Our prices have always been higher than theirs, except perhaps when there was a shortage of milk." They can change their price from day to day. Ours is a contract price for six months. Their price for same period may average up, "but you see the conditions are a little different. To give you an illustration: Especially in August, and I think September, there was a great shortage of milk. Their prices were higher than ours then. We felt the shortage as much as they did, but we could not change our prices." At the present time their prices are considerably lower than ours because we put ours out so much in advance. In October, 1908, we paid $1.70 per 40-quart can and $1.90 in October, 1909. We paid a very small percentage on an average less for milk in 1909 than we did in 1908. One dollar and sixty cents and one-half per 40-quart can in 1909 and $1.61 in 1908. We passed no resolution by the board of directors when we advanced the price on November 1st. I never attended a meeting for the purpose of considering the advisability or necessity of advancing the price of bottle milk with Mr. Leton Horton or Mr. C. H. C. Beakes. I never consulted with anybody about it.

Q. Nor authorized anybody else to discuss it with them? A. Positively. I know some of the members of the Consolidated Milk Exchange and Mr. Comfort called on me in August or September and talked with me about "the foolishness of the Exchange in putting up prices to the producer," and talked on the general milk business.

Q. Did he say anything to you about the necessity or advisability of raising the price of bottled milk? A. Nothing whatever.

Q. Didn't he say the consumers ought to pay more for milk? A. I think if he said anything at all it was the other way; he hoped prices would not go up.

Q. To the consumer? A. Yes.

Q. Is that the last time you saw Comfort? A. The only time I saw him. I never heard of the Milk Dealers' Protective Association until now. We have a department that attends to our collection of cans. There is an association that brings our cans to us. It is called the Can Dealers' Protective Association, I

think. We have no representative in the Milk Dealers' Protective Association. We have about 70 or 80 stations. We use separators or substitutes for them in nearly all of them. We use separators entirely for filtering milk. By a separator, from the centrifugal force, the cream is separated from the milk. We have another method that is better than a separator, simply a filtering apparatus, a filtering through cotton. We do not use separators for standardizing milk and have not, during the history of our company. We have no grades of milk. "Our milk is precisely as the cow gives the milk." We sometimes give premiums for a high percentage of butter fat. We do that to keep our dairies from going to the butter factories. The proper way to buy milk is on the butter fat test. We give the premium only where there is competition with the butter factories. We never make butter except when forced to on account of a flush of milk. The more butter fat in milk, the more cream we get and from some of our creameries, we ship only cream. Butter fat runs high in the winter months. We do not take into account what was made or lost in the previous six months in making the price to the farmers. We only take into account the period for which the contract is made. The figures made for Mr. Scudder on the profits for the year ending June 30, 1909, compared with June 30, 1908, were mere estimates, showing $170,000 more profit in 1909 than in 1908. There is no way of separating the profits of buttermilk from the rest of the business. The figures Mr. Scudder got are only an estimate, "a calculation." I don't think that our profits and losses should be taken into account in arriving at a price to the consumer. We have to buy an excess of milk in summer to get what we require in winter and we have to manufacture much of the surplus into butter, on which there is frequently a loss and the price to the consumer does not fluctuate as does the price to the farmer. When we are buying it cheap of the farmer, we do not sell it correspondingly lower to the consumer — there are many things to take into account and we try to average up the year. With reference to the $15,428,408.46 of the capital stock issued for trade-marks, patents and good will, I would say that that stock was issued for full value. We have to take into account the 50 years' experience of the parent company, the New

York Condensed Milk Company, which was capitalized at $3,000,000. All the tangible assets of that company were turned over for $4,070,591.54, and the balance was good will, patents, trade-marks, etc. "I would rather take the good will of the company to-day than all the assets (tangible)." We have 261 trade-marks throughout the world, some eighteen pending at present, and thirty patents. The company's name is known all over the world. In 1902, the company bought out the Anglo-Swiss Company. It did principally a manufacturing business. They had over in Brooklyn, "some broken down old teams and horses and wagons. I guess they ran about twenty." We have bought no other companies.

Q. So no milk is sold by your company after it is forty-eight hours old? A. No; positively, no. The cream is not held over twenty-four hours. Our concern holds no cream for any great length of time. It is more expensive all the way through to bottle milk in the country. There is the freight and the trucking — both more expensive on bottled milk — and another difference in the matter of cost of bottling in the city or country. Our system of inspection is very expensive. We have seven veterinarians constantly in our employ and an inspector for each station. Packing the boxes of bottle milk is an additional expense and the four-horse team handles less than one-half in bottle milk than it can in forty-quart cans. The principal reason why we bottle in the country is the deterioration incident to sending milk in bulk. We send as much by carload lots as we can in order to save 12½ per cent. freight. Whenever we learn that there is an epidemic, or a case of typhoid fever in the family of the producer, we shut off that dairy and pay for the milk just the same.

Q. All your milk is submitted to the tubercular test? A. Physical examination we depend on entirely. I do not believe in the tubercular test as applied. I was a driver a great many years ago and knew Joe Ferris. I have seen him in the intervening years. He was selling goods for a wholesale liquor house. When I met him some time ago, in the course of conversation, I may have said to him, "You know there is no combination." I would not repeat what he said — "he said too much — I left him standing in the street talking." There are no minutes

of our corporations of meetings held, in which the question of advisability or necessity of raising the price of milk was expressed or discussed. The telegram sent to Mr. Taylor by me had nothing to do with the matter of raising the price of milk at all on November 1st. I never heard anything about the campaign of education to raise the price of milk until I saw it in the newspapers. I never heard of Mr. Gorman. I think that a farmer carrying on his business systematically can produce milk at a reasonable profit and this does not apply to the shiftless dairyman. The farms have been abandoned and you can buy them for what it cost to build the buildings. We are trying to demonstrate to farmers that with a business management and the same system that we employ in our country end of the business, they can make money. A man will remonstrate over paying one cent advance in the price of milk for his family where he will not question the price charged for a glass of wine. When a farmer brings his milk to our creameries, he knows what the price will be for six months. "He regulates the production according to these prices. If he has not got cows enough in his dairy, he will buy more cows." He should not buy cows, he should raise them on his own farm, and he should raise his own grain and not pay the high prices exacted. A farmer should keep an accurate record of all expense. It is the only way he can demonstrate what can be done on a farm. The farmer has got to be educated. Something has got to be done. "Otherwise the city will go without milk, as we can show by records the falling off is great in the production of milk in this State. That is the reason why we have to go 250 and 300 miles from New York to get a sufficient amount of milk." During the months of August and September, there is a great scarcity of milk. "We ourselves were as high as 50,000 quarts a day behind what the consumer required, and we issued instructions to the superintendents to notify the drivers that they must give the children in all cases the preference where there was not enough to go around." The production of milk at each dairy falls off every year as far as our dairies are concerned, and we think that it shows up better in our case than in others. Our farms have fallen from one hundred and forty-one to one hundred and nine

quarts on an average per day. This is due not only to the board of health regulations but to our restrictions — our sanitary and ventilation and other requirements are rigid. When we went to Chicago the drinking of milk had been abandoned. They were buying milk at five cents or six cents a quart. We re-established the route system, and even in the best sections it was hard to convince them that seven cents was a reasonable price for milk. "Those conditions have all changed." Milk is drunk everywhere there now. Our price in Chicago is eight cents a quart. The difference in price between Chicago and New York is represented by the conditions. "They farm out there. Here they do not pretend to farm. A dairyman buys his cows, buys his feed and he hires his labor here. But there there are different conditions. They raise their cows, they raise their feed, and the result is that they pay less for milk there." Milk costs less and we sell it for less. In Chicago, we only have to go about fifty miles; here we go 300 miles for milk. The reason little milk is produced near New York is because the farms have been turned into building lots and the homes of gentlemen. I think the freight rates are all right as they exist to-day. The proper time to bring milk in is the night time, not in the day as formerly.

(Exhibits received and description of inspection made.)

Henry H. Rogers bought stock in our company the same as any other investor. I know no one connected with the Standard Oil Company, except Mr. Tilford, now dead. We sell about 68 per cent. of all the milk bottled in the country and about 21 per cent. of the entire amount of milk of all kinds is sold in New York city. As to whether I can say anything that would assist this inquiry, I have only to say that we are in a class by ourselves. We are not brought in touch with any other dealers in any way, shape or manner. We have only one regular price. We do not have, like some dealers, eight-cent, ten-cent, fifteen-cent, and twenty-cent milk. The price is all the same. We have no competitor in milk bottled in the country. I would not care to be understood that we have no competitors. There is the strongest kind of competition; there is just as much difference in the quality of milk as there is in almost anything produced.

Q. How do you account for the simultaneous raise in price by all dealers about November first? A. I think everybody wanted to put up the price of milk. Do not think there is any question about that. I speak from experience, from the fact that there was the same thing out west. We exercised the same caution there the time we put up the price in 1907. We put the price there, and it is a strange thing we did the same as we did in this case, and it was brought out there in the evidence by the competing companies when asked how they came to put up the price, they found that Borden's had put up the price and they had to or go to the wall. How they got the information: A driver called in, and immediately they got out a notice, some of them in fact took our exact notification, the only change was to put a different name at the bottom, and some of them worked Sunday in order to get them out for Monday, some did not get them out until Tuesday.

If our competitors have any system of keeping accounts, they knew it cost one-fifth-cent a quart more in October to deliver per bottle than they received. We took and added that to our November cost and found it would cost us .0863 to deliver bottled milk in the month of November. Now, as a matter of fact we found it did cost us about that. It cost .0863. It cost in December .0882 and our officers took this into account and we advanced the price.

Q. Is it fair to conclude that the other dealers followed your price? A. I think there is no question about it. I think some hesitated to put up their price and some did not. Quite a number did not put up their price. I think it is in evidence that they did not put up the price because they thought it was a good opportunity to steal customers.

Q. Do you find competition in nearly all your stations? A. Most decidedly. I would like to show you a map where the plants are located.

Q. You find several competitors at nearly every station? A. Every station, yes, sir. We think that farmers prosper under our regulation.

Q. Would you say that practically the only function of the Consolidated Milk Exchange was to regulate the supply in the seasons of a shortage of milk?

Q. That is, lower their price when milk is flush and raise when milk here is scarce? A. I think so. I really do not know much about it. I think the reason they come together is for the purpose of regulating the milk question. In other words, it is a sort of an association of milkmen, or the farmers originally started it for the purpose of the farmers' end, but it got mixed up with the city end, and I don't know which controls.

Q. You are competitors in the country with them for milk? A. Yes. As a matter of opinion, I will state that there is the strongest kind of competition with the exchange. The individual buyer or bottle manufacturer, there is the strongest kind of competition. When it comes to the city, there is the strongest kind of competition. The system of selling milk by large dealers is such that it is up to every driver to get all the business he can get, and he has his own story to them, some of them tell stories that are not facts. There is the strongest kind of competition. The system of standardizing milk on the basis of 3, 3½ and 4 per cent., and possibly skimmed milk, would leave an opportunity for fraud. It is a crime that skimmed milk is not sold in New York city. No reason in the world why it should not be sold as skimmed milk. There are so many ignorant people that there will be opportunities for fraud even if the different grades were clearly marked. I think that skimmed milk would be a great blessing to the poor in this city and there is no danger that it would reduce the consumption of full cream milk. Skimmed milk is the most wholesome food in the world. "I would rather feed a child skimmed milk than I would Jersey cream that was so excessive with butter fats, that it would upset the child's stomach." As to putting up the price November first, I would say that in 1907, we raised the price in November to nine cents a quart. We had planned to put it up the first of November or about the first of November. Everybody knows if the price goes up at all, that is the time to put it up. Really October is the time it should go up. In November, I said to Mr. Taylor "Let the other fellows go ahead." We waited until November 18th and could not stand it any longer. We had our notices out about the 18th. We have got to conduct our business without regard to anyone else. The fact that they follow us we cannot prevent.

FRANCIS B. SANFORD, *Stockholder, Consolidated Milk Exchange:*

I reside at Warwick, N. Y. I am an attorney-at-law, was never in the milk business, but am a stockholder in the Consolidated Milk Exchange with five shares of stock, which I own about two years. I obtained these in exchange for legal services. I think I have two shares of stock in the Mutual Milk & Cream Company. I have no interest in any other companies. I prepared the certificate which was filed in the office of the Secretary of State of New York about three years ago for the Consolidated Milk Exchange. I don't know whether the Consolidated Milk Exchange was engaged in buying or selling milk. I don't know whether there was any arrangement or any rule with reference to transmitting the values that its Board of Directors arrived as to the "Milk Reporter." I don't know about any agreement among the members of the Consolidated Milk Exchange previous to November 1, 1909, to advance the price of bottled milk from eight cents to nine cents a quart. The directors of the Consolidated Milk Exchange retained me to get up this certificate of authority to do business in the State of New York. My relations were with Mr. Laemmle and Mr. Beakes and Mr. Wright. I put in the certificate, the paragraph, "That the business or object of said corporation which it is engaged in carrying on within the State of New York is the purchase and sale and dealing in milk, cream and other dairy products," because it is my understanding that you have to put in the certificate that it is or intends to conduct business in order to get your permission to do business, and when I put the first paragraph in there I expressed as nearly as I was able to what I understood they were doing or entitled to do in this State.

THEODORE SILBER, *Grocer:*

I reside at 99 East 111th street, New York. In the grocery business and buy my milk from Liebermann. Have been for two weeks. Before I bought from Miller Brothers. I bought from Miller Brothers about three months. Before that I bought from the Hamilton Dairy Company. Miller was selling me milk for $2.20 a can. Some time after Miller sold me milk a man came around to see me and gave me a card, "Milk Dealers' Protective

Association, 621 East 12th street, New York City, George W. Blefford, Can Collector." He told me he would give me milk for $2. I didn't stop taking milk from Miller, but Miller kept raising the price and then I stopped. Finally Liebermann came around and asked me what I was paying Miller and I told him $2.30 and Lieberman said he would sell me milk for $2.20.

S. FREDERICK TAYLOR:

As to the way the price of milk is fixed to the producer by your company, would say that the preliminary blank is sent out to various superintendents asking them to report approximately the amount of milk in sight, and at what price they can probably contract for that milk. Those blanks are returned to the office, the results tabulated, and the accountant submits it to the officers who take into consideration the reports from the various sections and the general situation, and determine at about what figure they can buy that milk. Then instructions are sent out as outlined and set forth in the exhibit already on file. I consult with Mr. Rogers. We take into consideration the prices paid by the Consolidated Milk Exchange in a general way. We are simply cognizant of the fact. We may look over their scale of prices when we are fixing our prices for the product we are buying independent of them, without any relation to them whatever. The prices established by the Consolidated Milk Exchange and those established by our company compare very closely on an average. Ours will average higher. We had a discussion among the members of the company as to raising the price of milk. We do not discuss our business outside of the company. We did not discuss this raising. I never met Mr. Beakes. I did not know Mr. Loton Horton. I have met Mr. W. B. Conklin of the Consolidated Milk Exchange. I saw him six or seven years ago. I know none of the members of the Mutual Milk and Cream Company. I do not know anything about the Milk Dealers Protective Association. I have seen separators used in Borden's creameries. They are used for getting cream and sometimes for clarifying milk. It has never been used for standardizing the milk to my knowledge. The reason we came to the conclusion to advance the price of milk to nine cents was because of the estimates made by the accounting depart-

ment, and knowledge of our high price for fluid milk to the farmer for the winter contract. In the route department we sell fluid milk, cream, cheese, buttermilk, and condensed milk, and butter, you might say, although the latter is sold at a loss, practically. Condensed milk was the beginning of this business. We ran wagons up to 1887 for delivering condensed milk when we did not sell bottled milk at all and it constituted our business. Bottled milk was a side issue and at the present it is from the profit standpoint. I do not know how long milk is kept but from what Mr. Rogers has stated I would say about thirty-six hours. I believe a Mr. Gorman came to me some time last winter or spring. He had some kind of a newspaper scheme. He wanted some money out of the Borden Company. It was some write-up business on the quality of milk, etc. He did not show me any agreements with the other companies who were going into it. I was an officer of the company in 1907 when the price of milk was advanced to the consumer. We raised it about the first of November and reduced it about the first of March. The lowering was due to the decrease in the consumption, falling off of business. My new contracts for six months with the producers are usually made the 15th of March. At the time that we raised the price of bottled milk from nine to ten cents was never discussed or intimated or suggested to my knowledge by any one. I only know that there is no city in the United States that gets country bottled for any less than ten cents. Chicago is an exception because Borden is operating there. Large cities usually pay ten and twelve cents for bottled milk. New York gets a larger supply of sanitary bottled milk than any city in the world. Milk bottled in the country is bottled under more sanitary conditions and our handling of milk is more or less in the open and the people understand this and demand bottled milk more than they used to.

HORACE S. TUTHILL:

I reside at 802 West 181st street. I am vice-president and a director of the Sheffield Farms-Slawson-Decker Company. I have been a director since its incorporation and vice-president about three years. I have direct charge of our Harlem business where we run 117 routes, and a provisional charge over other places. I

am generally in the main office in the afternoon. As to how we arrive at the price to the producer, I would say that it depends on conditions. If it has been short crops this summer, we infer feed is going to be high in the following winter and we will have to pay liberally to help the farmer out; if he has got to pay high prices for feed, he can't make cheap milk. This is arrived at by our executive board. Our treasurer and Mr. Van Bomel, the superintendent, generally handle that, second vice-president, Mr. Halsey. We consult together very frequently because it is an important question — what we are going to pay the farmer to induce him to make enough milk to see us through. We have to establish about the same price as Bordens if we are in a section where Borden competition is felt. We have got creameries in Fairmount, and we come in contact with the Boston market, and there are places we come in contact with the Philadelphia market, and we have got to bid up to get the goods. It is a grave question to get enough supply. There are times of the year when we can't get it and have to send our wagons out short. Regarding my first obtaining knowledge that the Sheffield Farms Company intended to raise the price of household milk from eight cents to nine cents a quart on November 1, 1909, I would say that on Saturday morning, the 30th of October, my son, who has charge of our business in the Bronx, had got to his office about half past seven. I was about to take breakfast and he called me up and told me that Bordens were out with a circular that they were going to raise the price to nine cents on Monday morning. He asked me what I was going to do and I said I didn't know. When I got down to my Harlem office, which is at the corner of Manhattan street and Broadway, Mr. Horton's son, one of his sons is directly under me there, and it is his duty to come on about 2 o'clock in the morning to oversee the loading of our wagons; and I said, "Chauncey, what is this?" I says, "I hear Bordens are out with their notice to raise milk the first day of November." He says, "Yes, and pop has attended to it already." I says, "What do you mean by that?" "Well," he says, "I got notice and took it home to him and got him out of bed this morning," — I am telling you very frank so there won't be any misunderstanding — and boylike, he blurted it right out. He says, "He didn't lose any

time. He told Dan to get the printer on the 'phone and give him an order for 100,000 notices to get them printed to-day so that we can get them out to-morrow." That is all there is about that. I have read a great deal about it. But that is the facts. Truth is mighty and will prevail.

Yes, I discussed with the members of my company the necessity of raising the price of milk before that time. We should not have gone up at all if Borden hadn't raised. We would have probably stood the gaff and lost money. I am president of the Mutual Aid Society, insurance company, to insure our city property, and for the last two years it has been their customer, or it has happened a number of times, we would meet the same time and same place that they would have an exchange meeting. I guess the Mutual always held their meetings in the same room as the Consolidated Milk Exchange. I have no recollection of attending a meeting of the Consolidated Milk Exchange in September. I have known C. H. C. Beakes over 40 years. I have never discussed the milk problem with him. I know Mr. Laemmle. I rarely see him. I never discussed with any member of the milk exchange the advisability of getting the milk dealers together to raise the price at the same time. Yes, I know the price was raised from eight cents to nine cents on November 1st. Accounting for the fact that they all raised it the same time, I would say it had got to be a grave question — we have to make a living. Where we used to have 100 small dealers, there is not one to-day, as I recollect it. I have been in the business 45 years and that they have been driven out by the close competition that there has been in the milk business. Now, go back 10 or 12 years. The papers have a way of getting everything so mixed — I haven't seen a statement that they gave out intelligently describing the situation. We are paying the farmers over a cent a quart more than we did 12 years ago. We have not raised the price of bottle milk. We are paying 100 per cent. more for the horses. Eight years ago this winter, we bought oats for twenty-eight cents a bushel, and a year ago this winter, we paid nothing less than fifty-six cents and from that to sixty-five cents, and so it is with everything. We have raised our salaries 33 per cent. or 34 per cent. We sell butter, cheese, eggs, etc. We have forty-two stores. All food commodities

have increased over 50 per cent. and because we start to increase 12½ per cent.— I cannot understand it. All the necessities of life have increased over 50 per cent. by Bradstreet's reports. Bordens have been filling up on us for ten or twelve years. We have stood it until it was back-breaking. There had to be something done. We could never go through this winter. I don't mean to be predicting, but my judgment is that the time of eight-cent milk in the winter time in New York, as long as we have the restrictions that we have to-day and the cost of production and everything, is past. I say that after forty-five years in the milk business.

CHRIS VAGHTS:

I reside at 405A McDonough street, Brooklyn. I am in the milk business about 33 years. I have no place of business in the city. I ship it to my places in the country. They are at West Winfield, Herkimer county; one in Schuyler Junction; one in Marcy; one in Adler Creek; one in Denley; one in Deer River; one in Sterlingville; one in Philadelphia, New York. I sell the milk that I collect at these various stations to wholesalers in New York City. I am a stockholder in the Consolidated Milk Exchange Limited. I had five shares in that and held five in the Consolidated. At the time the Milk Exchange Limited was dissolved, they simply transferred the old shares from the old to the new. I think it was five years ago. I have been a stockholder in the Dairymen Manufacturing Company. I have never been a director or officer of the Consolidated Milk Exchange. I think I attended one meeting of the stockholders or directors when they elected officers in New Jersey. I find out the prices that were established by the directors of the Consolidated through the "Milk Reporter." I have been a subscriber for ten years. I receive postal cards from them. I get them in the middle of the month. If the price changes I buy some of my milk on the exchange price and some on Bordens, about half and half. From two places I buy ten cents off from Bordens and in one place I pay full Borden prices. At those two places the milk is not so good. I do not know of any rules or regulations of the Consolidated that binds the members to buy at exchange price. I do not know of any pen-

alty attached to it. I do not know whether the exchange have fixed prices or attempts to fix prices that should be charged by dealers to consumers. At about six of my places I pay the exchange prices and three Bordens. When I receive my milk from the farmer I cool it off and when it is time to ship I put it on the train, and when it gets down to the depot the consumer takes it. I do not have anything to do with this end. I ship in cans altogether except a few boxes. I ship on the average of 450 cans of milk per day and abut 30 boxes on an average. I sell to twelve or thirteen different dealers. When I sell to the dealers in New York City I charge so much a can above exchange price. My agreements with them are oral. The agreement is not always made at so much above exchange price. It depends upon what we have to pay. I use the Exchange prices as a standard on which I base prices when purchasing or selling. I heard that prices of bottled milk was advanced from eight to nine cents on November 1st. I did not know of any agreement with the dealers as to the raising of the price. I never was on any committee of the Consolidated Milk Exchange. I never produced milk in this country. I did in the old country, Germany. The amount that I obtained from dealers in New York City above the Exchange price averages about fifteen cents per can. I do not belong to the Milk Dealers' Protective Association. I do not use the separator in my cream. I make all full cream cheese when I have to separate the milk. That is for the surplus milk.

CHARLES VANHOF, JR.:

I am superintendent of the Retail Department of the Mutual Milk and Cream Company and have been employed in that capacity since the middle of August, 1909. I was treasurer and secretary prior to that time. For about four or five years. Also a director. I was in favor of raising the price from eight cents to nine cents for bottled milk on November 1, 1909. If I said at any previous time that I would like to see milk remain at eight cents, it was because I was just newly made superintendent and my routes and everything were in good condition so as to be able to sell more milk off the wagons, and my ambition was to get as many customers on one wagon to be served on that route as pos-

sible. I might have said that, but I had no reason to object to the President. He ordered me to do it. I know something about an agreement between the Mutual Milk and Cream Company, Sheffields and Bordens to raise the price of milk at that time, and never expressed the opinion that I knew that there was such an agreement.

ISAAC A. VAN BOMEL:

I am in what they call the Milk Department of Sheffield Farms-Slawson-Decker Company. I am a director, and have been such since 1902, excepting when I was out of the business for one year. I have never been an officer of the company. I would say that I have had something to do with fixing a price that my company pays to the producers of milk. We generally talk over this matter of prices for six months, that is, what we think we can pay in different localities, taking into consideration the conditions as they exist; that is, the co-operative creameries, and the butter factories which are in opposition to us. I am one of those who decide on the prices. I have particular charge of the creamers of the country. We only have one creamery at present in which the Consoldiated Milk Exchange price is in vogue. We have Borden in competition, I should judge, in more than half of our creameries —I should say, 75 per cent. of them. Only twice in our existence, have we charged any other price than eight cents per quart, for ordinary household milk; that was in 1907 and in 1909, and on both of these occasions we raised the price to nine cents. Previous to November 1, 1909, we talked over the necessity or advisability of raising the price of this ordinary milk. We had all made up our minds that if we paid our bills through the winter, we would have to get nine cents a quart. These conversations took place during the months of September and October, 1909. We didn't make any effort to talk to or have any communication with any other dealers in milk for the purpose of combining with them in the raise of price. Concerning the circumstances connected with the raising of the price on November 1st, we had talked it over from time to time and we talked of going up the 1st of October. As I remember, Mr. Horton and some of our other people thought we had better do it then, and Mr. Horton was going

West, and I went with him, and I think the remark was made that we would wait until the conditions out there were looked over with other dealers to see if we could learn anything in our travel out there as to whether we could curtail any expenses whereby we could cut off anything. This meeting was held in Milwaukee. At that time, I didn't have any conversation with him — I didn't have any conversation about the contemplated raise in the price. The first I knew that my company had raised the price of bottle milk was when I arrived at the office on the 28th or 29th of October. I was informed at that time that Borden had raised the price. I had no idea before that Borden was going to raise. The last time I saw Mr. Cochran preceding November 1, 1909, was at Albany. At that time I had no discussion with him about the necessity or advisability of raising the price of bottle milk. I know all the officers and directors of the Mutual Milk & Cream Company. I have no recollection of talking with any of these gentlemen previous to November 1, 1909, in regard to the raise in the price of bottle milk to consumers on November 1st. I saw Mr. Kavanaugh previous to November 1st, I think, the latter part of October. I called in there one day in regard to the matter of poisoned horses and if I remember right, Mr. Kavanaugh brought up the subject and asked me what we were going to charge for milk this winter, and couldn't see how it could be sold for eight cents, paying the prices that we were. I agreed with him. That was all the conversation. No agreement was made between us in reference to raising the price. I think our notices were not brought out until after Borden. The raising in the price of milk was a general topic of conversation previous to November 1st. Whenever I met any of the members of the Consolidated, that I know, we usually talked about the advisability of it. We always had our eye on Borden to see what the opposition was going to do. There was no agreement in reference to raising the price between our company and Bordens. The Consolidated Milk Exchange are not dealers in milk. They are not in competition with us. I never attended any meetings of the Consolidated. I was at 6 Harrison street, attending a meeting of the Creamerymen's Mutual Aid Society either in September or October; that is the only time I was ever in the Exchange room. The Exchange meeting came on

right after that and I stayed to that meeting. I did not hear them discuss the advisability or necessity of advancing the price of bottle milk. I presume they were fixing the price of milk, or the value, as they call it, at that meeting. I know the value was fixed that day probably that I was there, but I can't tell now what it was. I never heard of the Milk Dealers' Protective Association; I have never been to any meetings. The Sheffield Farms is not represented at those meetings to my knowledge. We use separators in some of our creameries, but not for the purpose of standardizing milk. We use them for separating cream from the milk when we want to sell the cream. We make the skimmed milk into caseine, milk sugar and milk powder. We do not make condensed milk. Gorman never approached me in reference to the campaign of education. I think I heard it spoken of before I saw it in the newspapers. I heard some one remark what a fakir this fellow was. I know Will Sheffield; he is our manager on the Ulster & Delaware road. After this investigation started, and at the time the letter was written to Will Sheffield, saying, "The market seems to have flushed up quite a little in the past few days. Am sorry to have seen it, as I would have liked to have seen it keep short during this investigation. I do not know what this is going to amount to. We have not been called on yet, but expect to be. If they will only treat the matter fairly and publish the facts, I think it will turn out to be a good thing for the business, as we have never been able to get the facts before the people," our company was paying some $15,000 or $20,000 more a month to farmers that produced our milk than dealers who were in position to take advantage of the temporary flush in the market caused by the investigation. Our contracts were made six months in advance and we had to pay that price; that is what I referred to when I said "I was sorry to see the market short during the investigation." The flush meant an additional opportunity to the dealer who had not fixed the prices, to lower the price to the purchaser. In my judgment, I should say that half of the milk which comes into New York City is sold by the dealers in 40-quart cans and the other half in quart bottles. I should say that about 10 per cent. of the milk that I bring into New York has been sold as dip milk and 90 per cent. sold as bottle milk. The milk which I sell as

dip milk is about the same quality as that which I sell in bottles, but it will probably not test quite as high; otherwise it is the same quality. We sell our highly tested, perfectly pasteurized milk at ten cents a bottle. We did not raise the price of dip milk at the same time we raised the price of bottle milk. We still hold that at six cents. I think in the summer we sold dip milk for five cents a quart. Our salaries were higher this year than in 1908. There was also an advance in the cost of delivery with our firm. The advance to drivers was about $1 a week.

JOHN P. WIERCK:

I reside at 908 Bushwick avenue, Brooklyn. I am in the dairy business. Under the name of a corporation. The name of the corporation is the Empire State Dairy Company. New York corporation, capital stock $350,000. Organized 1895 or 1896. I am president of the company; Charles Neidner, secretary and treasurer. We had a vice-president, I. E. Jordan, but he died in the summer. C. H. Wohlers and Cornehlsen are also directors. I hold about one-third of the capital stock of the company. There are other stockholders but I cannot name them without referring to the book. The office of the corporation is 502 Broadway, Brooklyn. We increased our capital stock because we had to have more money. We bought up other milk companies. That is eight or nine years ago. One of them was the Nassau Dairy Company. Lately we bought P. G. Bangs Company, about two months ago. The rest are small ones, I don't remember the names. We have a branch office in 735 Carroll street, and one in Flushing. I have a creamery in Huntington county, New Jersey, Pittstown. I have one in Susquehanna county, Pa. I have two in Madison county, Poolville and Hubbardville. One at East Meredith, Delaware county; three in Sullivan county, Liberty, Stevensville and White Sulphur Springs; one in Chenango county; one in Windsor, Broome county; one at Dolgeville; in Ingham, Herkimer county; in Otsego county at Boomville, and the other at Lacona. That is all. I was a member and stockholder of the Old Milk Exchange Limited. I don't remember how many shares of stock I had. I own 25 shares of stock in the Consolidated Milk Exchange. I am a director in the Consolidated Milk Exchange. I became a

director upon the incorporation and have been such with the exception of two or three years. I am not an officer or director or stockholder in Bordens Condensed Milk Company, Sheffield Farms-Slawson-Decker Company or the Mutual Milk and Cream Company. I am president of the New York Dairy Product Company with offices at 155 Freeman street, Brooklyn. That is a separate company. I have attended meetings of the Consolidated Milk Exchange in New Jersey and No. 6 Harrison street. Before the Milk Exchange Limited was dissolved we had meetings at 22 North Moore street. The Consolidated Milk Exchange has never dealt in milk, that is, bought and sold milk since its incorporation. The object of the Consolidated Milk Exchange, so far as I know, is to determine the valuation of milk. The old Milk Exchange Limited, we did business and made practice for the business we did, and a new one is simply revalued, the price of milk from time to time, and in the old Milk Exchange Limited we fixed the price of milk, using the word price, and in price, and in the Consolidated Milk Exchange we used the word value; that was the difference. I signed the certificate of incorporation but I don't know the meaning of the words in it, "to promote uniformity and certainty in the customs and usages of the trade." (This answer after strong objections on the part of Mr. Ely as to what witness understands that section of the certificate of incorporation to mean.) At the meetings of the board of directors at which we placed a valuation on milk, different items were taken up, the valuation of milk, cans, and Albany business, and what else I don't know, just what all different things. The valuations were talked over and then it was voted on. The use of the valuation was for me to know the condition of the market. I didn't make very much use of this valuation that the Milk Exchange placed on milk. If the farmer wanted to sell to me at that valuation I would buy his milk. I don't know how many farmers sold to me. I bought about one-third of the milk at that price. I bought in all about 1,400 cans and about one-third of them were on the exchange price. I have a written contract with the producer. Most for six months, some for a year. Some of the farmers we make contracts with mention Bordens or the exchange price and state that they will take so much above or so much

below, depending upon either Bordens or the exchange price. (Contract with patrons of Dolgeville Creamery received in evidence and marked 4-H.) The Consolidated Milk Exchange have no six months price ahead. We simply take the Bordens price as some guide. We don't pay exactly Bordens prices there. (Contract to the patrons of Ingham Mills Creamery received in evidence and marked Exhibit 4-I.) (Agreement between the producer and the Empire State Dairy Company received in evidence and marked Exhibit 4-J.) In which prices for six months are stated. (Agreement between the Empire State Dairy Company to deliver milk at East Meredith, N. Y., received in evidence and marked Exhibit 4-K.) Prices stated for six months therein. The amount that we pay at these creameries is the amount that the exchange fixes its valuation for milk. They tack this up on the outside of the creamery. Perhaps, we pay exchange prices at five of these creameries. One at Springville, one at Pittstown and three in Sullivan county. We take it at those five because the farmers want the price that is fixed by the exchange. The others don't want any standard established of any kind, but want to go into the open market and deal with us independently, that is, they want a six months' contract; they want a fixed price for six months ahead. That is what they want. I am a subscriber of the Milk Reporter. I saw the valuation as fixed by the exchange in the Milk Reporter, also by talking with other members. Yes, I regarded it as important matter to know the valuation the directors of the exchange had placed on milk. Yes, we were particular that we know at some time in order to tell what price we are paying to the farmers. I know that the newspapers published it. I attended all the meetings and this valuation that was arrived at by the board of directors was really an important matter. I don't know whether there was any general agreement among the members of the Consolidated Milk Exchange to pay the price that was established by the board of directors. I don't know whether the board of directors of the Consolidated Milk Exchange ever fixed the prices to be charged by the dealers to the consumers. They did not fix the price the dealers were to charge the consumers shortly before November 1, 1909. I never discussed the matter

with any one before the raising of price on November 1, 1909. I raised the price on bottle milk to the consumer from eight cents to nine cents a quart a few days after November 1, 1909. We couldn't afford to sell at eight cents. I get 12 per cent. or 12½ per cent. rebate for sending carload lots of milk. It has been reduced lately from 20 to 12½. I sell bottled milk to stores at present at eight cents a quart. I sell about 22,000 bottles of milk a day on an average. I sell 400 or 500 cans of dipped milk in a day. At the present time I manufacture about 125 cans into butter and cheese, and I manufacture because at the present time the market is so flushed with milk. The market is usually flushed after New Years. It costs us 8.26 cents per bottle from the time we take it until we have it delivered. The cost of handling milk alone, excluding the purchase price, is 4.02 cents. At the present time the cost of milk is 4.24 cents a quart, the express is .05 cents, the cartage from Jersey City is .025 cents, the freight is .08 cents, the city delivery is .0162 cents, and the pasteurizing is .045 cents; and then the wear and tear on horses and harness, insurance, rental, depreciation on machinery, clerk, help not included in the above figures, or interest on investment. (Statement received in evidence and marked Exhibit 4-L.) Some of my milk cost five cents a quart, that is bought on butter fat test. The premium is paid above the 5 per cent. at only one creamery. About one-third of our milk is bottled. The milk we sell as dipped milk, I guess we get about six cents a quart from dealers. We sell some dipped milk over the counter. We sell it for seven cents. I don't think we have one carload a week coming in now for which we get the rebate. At the persent time out wagons sell on an average of about 200 quarts apiece. It is a proper estimate that a wagon must deliver at least 200 bottles a day or the dealer will lose money. I am a member of the Creamerymen's Mutual Aid Society. That is an insurance association and provides for the insurance on the creameries of the members of that co-operative partnership. There is also a co-operative insurance system which provides for insurance of its members upon the horses and wagons that the members own. I am a member of both of these societies. One of these is the Creamerymen's Mutual and I think the other is the Aid Society.

I am vice-president of the Dairymen's Manufacturing Company. I own five shares of the stock and am not able to say how many shares my company owns. I was a member of a committee on January 21, 1906, to look after legislation in Albany. The expenses of that committee were paid by the milk exchange. (Minute book introduced showing there was a price and sales committee reporting on values.) I don't know whether there was a price and sales committee or not. I never heard of a price committee. If there is such a resolution there I can't remember how it got there. I don't know whether a resolution was ever passed by the board of directors authorizing or appointing the Milk Reporter the official organization of the Consolidated Milk Exchange to publish the prices or values arrived at by the Consolidated Milk Exchange. I don't know what became of the minutes of the meetings held before January 9, 1906. I never saw them. A man by the name of Walsh in Bedford avenue collects our cans. I don't belong to the Milk Dealers' Protective Association. A man by the name of Schaus in New York also collects our cans. We pay him so much a can, but Walsh by the year. There is a requirement of the Board of Health authorities in Brooklyn that requires us to pasteurize milk. Our milk will not keep any longer than any other if you don't take care of it. (A statement purporting to show the prices per quart paid by Wierck during the years 1907, 1908 and 1909 received in evidence and marked Exhibit 4-M.) (Statement showing stockholders of Empire State Dairy Company received in evidence and marked Exhibit 4-N.) Milk reaches the lowest price to the farmer generally in June. Some of our cream we put on ice and keep it and sell it at a later day, but never keep it longer than a week. About a week, it might be a few days more.

WILLIAM ALEXANDER WRIGHT:

I reside at 69 Lefferts Place, Brooklyn. I am in the Finance Department here in the city. I was in the milk business for forty years previous to August, 1907. In the country I was in the business individually. I had stations in the country, but in the city I was in the Syphon Milk Company, a corporation, of which I was president. I am a stockholder in the Consolidated Milk Exchange.

owning thirty shares. I was also a stockholder in the Milk Exchange, Limited, and president of it. I am not an officer of the Consolidated nor a director. I was president of the Consolidated for a number of years as well as director. It was the duty of the members of the price and sales committee to find out what they thought the value of milk. They would try to find out what the article was worth, whether the hay crop was good, or anything of that sort, and what in their judgment would be a right price to pay for milk, and this matter would come up before the board of directors and a resolution would be passed by the board of directors stating what, in the judgment of the directors, was the value of milk. The milk business was different then than now. We used to do a sort of commission business, buying milk from the dairies, and I used to use the price which the old exchange fixed as a guide in paying for the milk, but after the conditions changed and they got creameries and so on, it was not of much use. I am interested in the Dairymen's Manufacturing Company. The Consolidated kept minutes from the year 1895, when it was organized, down to 1906. I have seen that book. I do not know where it is now. Mr. Laemmle was the last secretary. He kept the minutes. I think we had a stock book and a stock ledger. I presume Mr. Laemmle was the custodian of them. I know occasionally we used to in the exchange of stock or a retransfer of stock, he would have that book in the room and he would bring it for to sign; I would sign checks. Sometimes he would come over to my place and have me sign checks, and he would bring the book with him. We were supposed to communicate the results of our meetings to the members, so that they would know the price or value fixed by the resolution of the board. I know some of the dairies, the Alex. Campbell Milk Company, the Diamond Dairy, etc., knowing that there would be a meeting the last Wednesday of the month, would call me up and ask, "Was there anything said about the price to-day, Mr. Wright?" I would answer, "Yes," or "No," as the case might be. We never sent out any prices. I didn't make a contract based on the price fixed by the exchange, but depended on my neighbors. If I was next to a Borden creamery, the farmers insisted upon the Borden price. I have paid at the creamery five or six prices. Those that had a

very good milk I would buy on a butter basis and give them such and such figures. If Borden's price was lower than the exchange had been, they would want exchange prices. So I think there was once or twice when we based it upon what the exchange declared. I consider my stock in the Consolidated worth about $2 a share. It is of no benefit to me. I think the value established was of more use to the wholesalers than it was to me. Practically, it didn't make any difference to me. I used to be a member of the Mutual Aid Society, but I am not at present. I own stock in the Dairymen's Manufacturing Company. They manufacture milk cans. At a meeting of the Consolidated, nine members constituted a quorum and the majority of the quorum controlled. I would say members of the exchange probably handled about 50 per cent. of all the milk coming into New York City.

APPENDIX.

MILK SUPPLY OF NEW YORK CITY, WITH RECOMMENDATIONS SUBMITTED TO THE MAYOR BY THE MILK COMMISSION, MAY 22, 1907.

The milk supply of New York comes from between 30,000 to 40,000 farms located in six States, some points of shipment being 400 miles from the city. At these points of shipment the milk is commonly delivered to the creameries, where it is mixed, cooled and put into receptacles, usually forty-quart cans, from which it is transported by railroad to New York City. Six years ago the Health Department began general surveillance of the milk supply with special reference to proper icing while en route, and two years ago inspection of the creameries was taken up by the Health Department, and to this end the territory supplying milk to New York was divided into fifteen special districts with one inspector assigned to each district. Instructions, recommendations and advice are supplied by the Department of Health to farmers and the department has up to May 22, 1907, inspected 20,000 farms. Few farmers ship directly to New York, but most of them deliver it to creameries, at which the milk is mixed, strained, cooled and canned, and the 670 creameries now supplying milk to New York have for the most part been put in good sanitary condition. The milk is usually transported in refrigerator cars and kept at a temperature of not more than fifty degrees F. In New York the milk is supplied to the public through 14,107 stores in which the Health Departmen has found that its instructions have been substantially carried out.

The risk of transmitting tuberculosis through milk from cows to man is very slight unless the disease in the cow is in advanced form or present in the udder. Even this slight risk is considerably lessened when such milk is mixed, as it generally is, with that of healthy cows before it is sold. We believe that this danger has been greatly overestimated in the public mind and that it can best be met by systematic inspection and condemnation of cows revealing tuberculosis on physical examination. Adequate inspection of the sources of infection in the country is essential to protec-

tion against typhoid fever, scarlet fever, diphtheria and other diseases conveyed by employees at the farms and creameries at which milk is handled, and the Health Department provides for this through its regulating the care and handling of milk. In order to have efficient inspection of the milk business at least 100 inspectors for the country districts from which the supply is drawn, in addition to the fifteen now available, should be employed.

Skimmed or separated milk should be allowed under proper safeguards. Skimmed milk has a high nutritive value and should be cheaper than full milk. The receptacles in which it is sold should be plainly labeled "skimmed milk." It has been demonstrated that the high infant mortality in summer can be materially reduced by providing clean milk properly modified and pasteurized for feeding babies.

Notwithstanding after all safeguards that may be imposed by education and otherwise, there will be cases in which unsafe milk will be produced or offered for sale, and all such milk must be judged on its merits. The commission, therefore, recommends that the Board of Health should, according to circumstances, require sufficient sterilization or pasteurization of all milk which it finds unsafe for consumption as raw milk, on account of a suspicion of the presence of tuberculosis or other disease in the cows or unsanitary conditions of the dairy or a persistent high bacterial content. But in every instance milk so heated should be rapidly cooled to at least forty degrees F., and be put, after sterilization or pasteurization, into sterilized containers under aseptic precautions. The pasteurization of milk should be done only a few hours before delivery to the consumer, and the container should be marked with the time and date of pasteurization and the degree and duration of temperature employed for the purpose.

DR. E. J. LEDERLE, PH. D.,

COMMISSIONER OF HEALTH, CITY OF NEW YORK.

(In a paper read before the second annual convention of the International Milk Dealers' Association, held in Milwaukee, October 18, 1909.)

It occurred to me that a recital of the New York City conditions, with which I am the most familiar, would illustrate what is

going on in other cities, with such variations as would be incident to differences in population and local conditions.

In the year 1902, the New York City Department of Health inaugurated a comprehensive investigation into the conditions surrounding the production, transportation and vending of the milk supply. The findings were about the same as is experienced in any large city.

The market milk was, from the sanitary point of view, as a rule, in wretchedly bad condition, due to ignorance and lack of care in production, which was carried on practically without any supervision. Many creameries were found poorly constructed and still more poorly managed; milk was not properly iced during transportation, bottles and cans were only superficially cleansed, milk was often kept in unclean stables in the city, was dipped from cans in dusty streets, was kept in stores with unsanitary surroundings and often adjoining bedrooms. In fact, milk was produced and handled under conditions which tended toward an unclean, unwholesome product.

The authorities at once set about to improve the supply in all directions pointed out, but it was not until several years later that it was possible to make the comprehensive country inspections at dairy farms that are now being so admirably carried out, resulting in such marked improvements.

The State authorities have done practically nothing during the last years to improve the sanitary conditions under which market milk is produced and transported. They have confined their activities mainly to the regulations of adulterations and the supervision of disease among cattle.

While New York City has not the legal authority to make inspections outside of the city limits, the fact that its Health Department has in force a license, gives indirectly the necessary power. A city milk dealer may have his license revoked unless his patrons permit inspection and follow out orders for improvement as a result of such inspections. The plan is working out well, most farmers are gradually complying with instructions, and the more intelligent of them are well satisfied with the benefits derived. Probably the most serious matter that has come up in this connection has been the fact that it has been usually not possible for

the farmer to realize an extra compensation for the *increased and improved* plant and *additional labor of production* We are in a transition stage; all reforms work some hardships.

The matter of an increase in the price that the farmer must receive for his milk when properly produced is one that must soon be settled; it will become more and more urgent. I am not unmindful in this connection that some dealers are on their own initiative paying special prices, but this is as yet by no means the universal practice. One of the principal reasons for this is the general unwillingness on the part of the public to appreciate the value and to pay an additional price for a better milk supply, in which position they are *unfortunately upheld* by the daily press. I am confident that when the improvements are more universal and the conditions are thoroughly understood, the public will be willing to pay a fair price for wholesome milk of good quality. Some progress has been made in this respect in the introduction of the certified, inspected, and scientifically pasteurized grades of milk.

When those interested in reducing the very high death rate of infants in our city found what is probably true of every large city in the world, that the general milk supply, the market milk, was unfit for use for feeding babies, and agitation of reform was begun which is bearing good fruit, but we are yet in the state of a mere beginning, the surface has only been slightly scratched.

As in all great movements of reform, there is no agreement as to the methods to be employed. Without at this time going into details with which you are all familiar, it may be said that there was quite a general agreement as to what the unsatisfactory condition of our milk supply was, and to what it was due, but there were wide differences of opinion as to the best remedial methods.

At the time of the investigation there were the following grades of milk on the New York market:

Certified milk (Milk Commission), sold in bottles at from twelve to fifteen cents per quart, probably less than 1 per cent. of the supply. Bacteria standard of not over 30,000 per c. c.

Bottled milk, special milk, and so-called baby milk. Highest price, nine cents per bottle; no bacteria standard; usually 4 per cent. to 5 per cent. fat.

Bottled milk. Ordinary market milk of good grade; from 3½ per cent. to 4 per cent. fat; no bacteria standard; bacteria usually very high. Price, eight cents.

Bottled milk. Selling at seven cents a quart; about 3.25 per cent. fat; very high in bacteria.

So-called loose milk. Brought to the city in forty-quart cans and retailing from four to seven cents a quart; ranging from 3 per cent. to 4 per cent. in fat, with bacteria in variable numbers, usually very high.

Modified milk and pasteurized milk could also be obtained at certain stations, maintained by Mr. Nathan Strauss for infant feeding.

I am one among those who at that time strongly urged pasteurization, and briefly for the following reasons:

The dealer was being held strictly responsible for the product he sold. In the cases of larger ones, their business had grown to such proportions that anything like strict supervision or control of the production was out of the question. While some have exercised such control quite thoroughly for years others have grown up without it, apparently with sanctions of the authorities, at any rate without interference on their part.

Milk supplies of large cities cannot be shut off while experiments are being made as to the best methods of improvement. I was aware that tuberculosis was very common among dairy herds; that it was recognized there was some danger of infection from this source; that the practical elimination of this disease from the herds could not be accomplished in many years, and that practically nothing was being done in that direction by the authorities. The excellent system of inspection of the farms, while very valuable, could, in my opinion, not for a long time, if ever, be so thorough as to eliminate danger from transmission of typhoid fever, scarlet fever and diphtheria from milk.

It seemed that the conditions warranted safeguarding by treatment where original purity was unattainable.

At the same time attention was called to the necessity of correcting the evils at the point of production.

Our city was now aroused over the milk question, and a bitter controversy was waged between two factions as to the best means

of securing safe milk, some maintaining that the best and only solution was the production of clean, raw milk, as typified by certified milk, and others claiming that the remedy must be more immediate one than is possible by clean, raw milk production—that is, that pasteurization must be resorted to. Much has been produced by very able writers on the subjects of clean, raw milk and pasteurized milk, and I could probably add nothing new, but I will state briefly what I believe to be the principles involved and the stand which in my opinion the dealers should take, both from the viewpoint of the public health and in their personal interests, which are in this case identical.

The duty of the milk dealer is to me clear. It is to supply the quality of milk which is approved by those disinterested physicians and sanitarians who have made a special study of the requirements of infants and invalids and who are familiar with public health problems in their broadest application.

In the present light of knowledge on the subjejct, it would apear that a dealer should not be satisfied to offer the public any milk unless it be clean and safe, either a clean, high-grade market milk, scientifically pasteurized, or a clean, raw milk of low bacteria count from healthy animals.

PURE MILK AND PASTEURIZED MILK.

During the last few years the public has been thoroughly advised on all matters pertaining to clean milk and pasteurized milk. Every one recognized the necessity of clean milk, but more and more are won over to see the absolute necessity, under the present conditions in large cities, of pasteurization. All admit that the ideal milk is that from healthy animals produced under strictly cleanly conditions and properly transported and rendered in clean, sealed packages; also that it is impossible to obtain such milk generally now, and that it will be for a long time to come.

It had been scientifically demonstrated that the heating of milk to a temperature of 145 to 150 degrees for thirty minutes (pasteurization) will kill all the ordinary disease germs which may occur in milk and most of the other germs that are considered harmless, but which cause deterioration and entail financial loss. As only a very slight deterioration, if any, is effected by such

treatment (it is claimed by some that the milk is slightly less digestible), there is no good reason why pasteurization should not be generally applied and even required for all milk not otherwise known to be absolutely safe. I think the most serious objection to the general introduction of pasteurization is that it is possible for selfish dealers to treat otherwise unmarketable milk and make it saleable. This can and should be overcome by strict regulations, and the conscientious dealer will strive to improve his supply just as rigidly in the case of the milk which is to be pasteurized as that which is offered raw. The movement for clean milk must not be retarded by the introduction of pasteurization.

Under existing conditions no large dealer, to my mind, can afford to supply milk in large cities unless it is either of the certified type, guaranteed or inspected; or scientifically pasteurized. New conditions are forcing great changes in the character of conducting a large milk business.

These conditions make for concentration, a gradual absorption of the small and often incompetent men into larger concerns and will bring about what the press is pleased to term the "milk trust."

It is an evolution that we see going on about us in every line of business. In the milk business my observation is that it is working out to the great benefit of the public. It is not conceivable that there can ever be any danger of a harmful combination among producers of milk. What then will be the requirements of our future milk supplies of large cities from a sanitary standpoint?

Milk production, transportation and distribution will be under strict control, federal, state and municipal.

Every farm producing milk for sale will operate under a permit. This will place the production of milk intended for use in condenseries, butter and cheese factories, under the same control as market milk, thus preserving the economic balance which under the present conditions is uncontrolled, and operates as a very unjust and disturbing factor in the milk business.

All milk should be bought at creameries on the butter fat test, this being the only fair means to both parties to determine its value, thereby encouraging the production of best grades. The

creamery should be obliged to standardize its milk, thereby being able to sell milk on its merits. The milk should be brought to the city in sealed containers in refrigerator cars. All dipping of milk should be forbidden; where milk is permitted to be drawn in stores, it must be from sealed containers from some form of spigot and delivered to the consumer in single service packages. Milk made from the above grades should be carefully pasteurized so as to avoid disease germs. All cream should be pasteurized and sold on the butter fat basis. Milk even from untested herds may be permitted to be sold when properly pasteurized.

A very necessary corollary to make these new conditions economically successful, and otherwise they can have no permanency, is that the public must be educated to the appreciation of their value. It will inevitably result in higher prices paid to the farmer and a general advance in the cost of milk to the public, but it will also mean fewer deaths among babies, healthier and stronger children and practical elimination of danger of the spread of tuberculosis, typhoid fever, and scarlet fever through milk, achievements all worthy of every one's best efforts.

COUNTRY MILK AND DAIRY INSPECTION BY THE DEPARTMENT OF HEALTH, CITY OF NEW YORK.

There are fifty-seven inspectors of foods (milk) detailed to the inspection of the milk supply of New York City. Two of these inspectors, designated as supervising inspectors, are detailed to have charge of the country and city division, respectively.

Country milk inspection covers the production and transportation of all milk sent to the New York market. Thirty-three inspectors of foods (milk) are detailed to the inspection of dairies and creameries shipping milk, cream, or condensed milk to this city. One of these inspectors is in charge.

The milk supply, consisting of 1,650,000 quarts of milk daily, is supplied from about 44,000 farms delivering milk to 1,100 creameries located in parts of Vermont, Massachusetts, Connecticut, New York, Pennsylvania, New Jersey, there being one place in Ohio, and two in Maryland. This work further includes the supervision of all local dairies, and the investigation of every case

of typhoid fever, scarlet fever, diphtheria, or tuberculosis occurring on a dairy producing milk for this city.

The "milk area" is divided into five districts. Inspectors known as district supervisors are placed in charge of these districts, supervising the work of five or six men under them.

Routine work consists in inspecting the creamery, and reporting all unsanitary conditions found. The city dealer operating the creamery is notified of the unsanitary conditions existing there, and a reasonable time is given to make the necessary improvements. The inspector then inspects in regular order the dairies supplying that creamery, usually visiting from eight to ten farms a day.

Where the dairy scores 90 per cent. or better, a certificate to that effect is sent to the farmer.

Where the premises score between 50 per cent. and 65 per cent., a letter is sent urging closer compliance with the rules of this department governing the production of clean and wholesome milk.

Where unsanitay conditions are found on the dairy farm, the dairyman is notified of these conditions, and a full list of the recommendations of the inspector is enclosed. A reinspection is then ordered to be made within thirty days by the district supervisor. The operator is also notified so that he may urge upon the dairyman the necessity of improving his premises. Usually at this reinspection, improvement is found; if however, the premises are still an unsanitary condition, and the milk is being produced in violation of the rules and regulations of this department, the creamery operator is notified to accept no further milk from the dairyman for shipment to this city. If a dairyman refuses to allow the inspector to inspect his premises, the creamery operator is notified, and, as in the case of an unsanitary condition, milk is not accepted until inspection is made.

Whenever a water supply is found in use on a farm that is aparently contaminated or not free from suspicion, a sample of that water is taken for shipment to the Laboratory of the Department of Health for analysis. If it is found to be contaminated, the dairyman is immediately notified to either discontinue that supply of water or boil it before using, and a new and uncontaminated supply of water must be secured within a very limited

time, or the creamery operator will be notified to discontinue the acceptance of such milk.

In making a creamery inspection, the inspector makes special note as to whether the infectious disease reports are being properly filed by every dairyman drawing milk thereto. Wherever any of the following infectious diseases are reported on a dairy farm — typhoid fever, scarlet fever, diphtheria, or tuberculosis, an inspector is sent to make a careful investigation and secure a full history of the case, and it is upon his report that milk is continued to be accepted for shipment.

Dairies scoring above the average, the cows in which herds have no clinical symptoms of tuberculosis or other disease and whose milk having a minimum bacterial content of 60,000 germs per c. c. in winter, and not more than 100,000 germs per c. c. in summer, may secure a permit to sell what is known as "selected milk."

Dairies having perfect equipment in the way of concrete stables, and dairy house, having only cows in the herd which have successfully passed the tuberculin test, and who are producing milk containing not more than 30,000 germs per c. c. may secure a certificate to produce "guaranteed milk."

Inspectors make a complete report daily of the number and character of inspections made; also the time they commenced work, the time of each inspection, and the time they finished work for the day, making a total of the hours on duty.

The local dairies, numbering approximately 145, locate in the four outlying boroughs and the territory immediately adjacent thereto, supplying daily over 36,417 quarts of milk, are inspected by one man who devotes his entire time to visits among these dairymen.

During the year 1909, 51,116 dairies were inspected, 2,348 creameries, and 170 water samples were taken. During the first three weeks of this year (1910) 2,347 dairy inspections were made, 228 creamery inspections; 140 milk samples were taken for chemical analysis, and three water samples.

For the inspection of milk within the city, twenty-two inspectors are assigned, with one in charge. The field covered by this branch of the inspection service includes examining and testing

the quality of the milk as offered for sale, taking samples and delivering same to the laboratories for chemical analysis and bacteriological examination; appearing in court as witness during prosecutions for the sale of adulterated milk; sanitary inspection of premises holding or applying for permits to sell milk; investigating source of domestic supply in reported cases of typhoid fever; testing temperature of milk as brought into the city, and as offered for sale in stores or on wagons.

During 1909, 115,250 inspections were made in the city, 11,611 samples of milk were taken, resulting in 870 prosecutions with fines amounting to $8,380.

DEPARTMENT OF HEALTH,

City of Chicago.

Mr. L. Horton, 524 West 57th Street, New York City.

Dear Mr. Horton.— The Atlantic City session of the Milk Commissions was held on Monday morning, afternoon and evening. Monday afternoon a very valuable paper on pasteurization of market milk was read by Dr. Joseph Evans of Philadelphia. There was an extended discussion of pasteurized milk at that time, in which I participated. Dr. Darlington was not present. I did not go to the night meeting, but I understood that at the night meeting Dr. Darlington told of some pasteurizers which, running uncontrolled, had given a product that was far from perfect.

All the discussion in the afternoon was in favor of pasteurization, and I believe that I talked for it more strongly than any man who was present in the room.

It is my judgment that control is necessary with all kinds of milk. That, properly controlled, the town cow furnishes the consumer with the highest grade of milk; second comes certified milk; third pasteurized milk, and fourth raw milk. Control cannot be relinquished from any one of the four. It is just as necessary for pasteuried milk as for any other kind of milk, but, properly controlled, pasteuried milk gives a supply so infinitely preferable to market milk as that in my judgment to permit milk to be sold when pasteurized milk can be had is almost, if not quite, a crime.

Proper pasteurization will control typhoid, diphtheria, tuberculosis and diarrhoea, in so far as they spread by milk, and against it I cannot see any disadvantage that is other than trivial and academic.

I am for pasteurized milk with every unit of energy which I possess and my conscience will not allow me to take any other position.

Yours very truly,

W. A. EVANS,

Commissioner of Health.

FROM A REPORT TO MR. LOTON HORTON BY AN EMINENT AUTHORITY ON MILK SUPPLY AND MILK CONTROL IN BERLIN.

Berlin with a population, including the suburbs, of two and one-half million, uses 266,667,580 quarts of milk per year, or 730,596 quarts per day. Some is produced in the city stables, but the greater part is brought to the city by local dealers and sent from the country either by railroad or driven to the city in wagons. Most of the milk is sold from wagons. Milk is usually short in September and October. The average price to the farmer including freight is from three cents to three and one-third cents per quart — selling price four and one-half cents to five cents per quart. Special prices are obtained for special kinds of milk. Children's milk from eight cents to fifteen cents per quart. During the last three years distant creameries have been sending to the city large quantities of pasteurized milk. Cream is sold to the jobber at the rate of three-fourths of a cent to seven-eighths of a cent for each per cent. fat per quart.

For some years there has been a so-called milk war going on in the city on account of the consolidation of some of the largest dealers forming a so-called Zentral for handling of milk. The Zentral could not pay the promised price to the producer of three and three-eighth cents per quart free in Berlin, but deducted three-eighths cent, and the position of the producer was not improved. In 1902 the Zentral lost about $100,000. In 1903 they made a small profit, after writing off about $20,000.

Long distance transportation charges are much cheaper than in this country. The milk is distributed by means of 300 wagons and 375 horses. The milk is never dipped from cans but always drawn from a spigot. The cans are square so as to take up the least amount of room. Each wagon has cans full of skim milk, cream of various grades, and buttermilk, each drawn from a labelled spigot. The cans are locked, and a contrivance prevents in a great measure any separation of cream from the full milk. The cans are arranged on each side of the wagon and are inclosed and covered so that only the spigot shows. In the rear of the wagon is a compartment for cheese, honey, bottled milk, koumyss, sterilized milk and butter and for small delivery cans.

Milk is brought from the dairies in twenty-quart cans, which are always locked. There are about 200 collecting points from which the milk is brought by train into Berlin. At the dairies it is filtered and cooled. At Bolle's place each can is tested, samples being taken to the laboratory. The milk is run into large storage tanks in which are coils through which cold water is run in summer. The milk is kept at 1 C. or 34 F., and the milk kept from twelve to fifteen hours, if necessary. The milk is filtered and pasteurized, and this is done in the cellar as the milk comes from the storage tanks. The filtering material is sand which is carefully washed after each using. The milk after filtration is pasteurized. Each pasteurizer holds 8,000 quarts. Milk is heated to 65 C. or 149 F. for forty-five minutes by means of steam coils.

Every cow is subjected to the tuberculin test and the main office notified by telegraph whenever a case of infectious disease occurs on any farm from which milk is shipped. From 30 per cent, to 40 per cent. of the cows have tuberculosis. The largest part of the supply of milk is sold as whole milk and always sold on a butter fat basis. There is no law against skim milk in Berlin. Bolle inspects dairies through his own representatives in the country who supply milk systematically for chemical and bacteriological tests.

PRICES OF MILK.

Children's Milk.

Bottled, delivered, not pasteurized	12½c.	per quart.
From selected dairies, cooled in transit, veterinary control, dry feeding	10c.	" "

Whole milk.

From selected dairies, veterinary control, at least 3 per cent. butter fat	4½c.	" "

Skim Milk.

Delivered	2½c.	" "

Buttermilk.

Delivered	3c.	" "

Whipping Cream.

28 per cent. to 30 per cent. fat	50c.	" "

Sterilized Milk.

½ L.	7½c.	" "

Butter.

Unsalted, from pasteurized cream	50c.	per pound.

Wages.

Single man, including board and lodging	$7.50	per month.
Married men, without board and lodging	5.25	per week.
Drivers (and a commission on sales)	6.00	per week.

MILK CURE ESTABLISHMENT AT VICTORIA PARK, BERLIN.— FRIEDLICH GRUB, PROPRIETOR.

This place was established in 1888 to furnish exclusively special milk for invalids and children.

The cows are kept in the city and every care taken to produce the highest grade of milk. The cows are not tested by tuberculin test, which they do not believe in, but by bacteriological examination of the sputum. All cows are bought just after calving, and are stall-fed and milked almost dry, when they are sold for beef. They are taken to one slaughter house and careful examination

made of the organs of each cow killed, which is a check on their method of control. The cows cost $140 a piece and are sold at a loss of about $40. Great care is taken in filtering and cooling of the milk and arrangements are made with the Bureau of Agriculture to make all necessary chemical and bacteriological tests.

Prices of Milk.

Whole milk	15c.	per quart.
Pasteurized milk	7½c.	per quart.

TUBERCULOSIS REPORT BY UNITED STATES DEPARTMENT OF AGRICULTURE.

Bureau of Animal Indhstry — Bulletin No. 99, Issued May 11, 1907.

"Regarding the dairy industry, we know of the following important facts (1) that the commonest disease with which cows are affected is tuberculosis, and (2) that milk in some form reaches practically all persons."

"The inhalation of the tubercle bacilli is losing much of its importance in the minds of investigators, and the swallowing of tubercle bacilli is gradually supplanting it as the true mode of infection."

Milk from tuberculous cows supplies the best known and widest distribution for tubercle bacilli and the frequency of the presence of tubercle bacilli in milk is underestimated.

PRINCIPLES OF SANITARY AND PUBLIC HEALTH.

By Dr. Sedgwick.

Milk is one of the most dangerous vehicles of infectious disease. Chapted XI, page 263.

Physicians and sanitariums regard it in its uncooked condition with suspicion. In 1881 Mr. Hart read a paper before International Medical Congress on milk as carrying infectious disease, such as Asiatic cholera, typhoid, diphtheria. Infectious diseases so far as conveyed by raw milk can be altogether avoided by sterilizing milk.

PASTEURIZATION.

While the Milk Commission does not believe that pasteurized milk is perfect food, it does believe and has demonstrated most conclusively, that until the time arrives when the production, handling, distribution and after-care by the consumer, is universally brought up to the standard that is ideal, pasteurized milk is an absolute necessity for the infant, whose mother is unable to provide the natural food.

We pasteurize by heating the milk to a temperature of 170° F. and cooling at once to 40° F. By bacteriological tests made weekly we know that we annihilate all growing bacteria. Our method of pasteurization and instantaneous cooling does not give milk any cooked taste. Instead it has a sweet, palatable flavor which is distinctly agreeable. No difference appears between the nutritive values of raw and pasteurized milk. From the standpoint of safety pasteurized milk has given satisfactory results.

PAMPHLET OF THE AMOUNT OF TUBERCULOSIS GERMS IN MILK AND OTHER DAIRY PRODUCTS IN LEIPZIG, GERMANY.

BY PROF. DR. A. EBER, UNIVERSITY OF LEIPZIG.

Ten years of experiments prove that commercial milk contains tuberculosis germs. In the City of Leipzig, Germany, in 1903, the daily supply of milk was 91,881 quarts, of which 3,150 quarts were produced in the city, 50,343 shipped by rail, and 38,888 quarts were hauled in. Except the milk produced in the city all milk was handled by 663 dealers. "Such a splitting up of the milk business is exceedingly objectionable from a hygienic standpoint, because the sale of the product among smaller dealers is done from open vessels." After exhaustive tests we found that the danger of buying milk containing tuberculosis germs in Leipzig is not slight according to our views, because out of seventy milk dealers 19-27.1 per cent. sold at least once for a certain period milk containing tuberculosis germs. Of the large dealers 27.8 per cent., who supply more than 50 per cent. of the trade, delivered milk containing tuberculosis germs, while out of the fifty-two smaller dealers 26.9 per cent. had tuberculosis germs in

their milk. The percentage of samples containing tuberculosis germs in comparison with the total number of samples taken was 10.5 per cent., namely 22 cases out of 210.

The highest hygienic authority in Germany, namely the "Kaiserlidge Gesundheitsaint in Berlin," just published Bulletin No. 6, 1907, of which the following is the summary: The results of the experiments are of tremendous importance to the hygiene of meat and milk, because they show that the infection of human beings with the bacilli of "type bovine" is especially a disease of childhood, and that the germs get into the system through the intestinal tract. There can be no doubt that the bacilli (type bovine) can develop a generalized tuberculosis in human beings. The infection with bacilli (type bovine) has to be traced to foods coming from tuberculosis cows, especially milk.

UNITED STATES DEPARTMENT OF AGRICULTURE.

BUREAU OF ANIMAL INDUSTRY — CIRCULAR No. 111, ISSUED JUNE 22, 1907.

The Commissioners of the District of Columbia appointed a committee or conference composed of scientists, physicians, veterinarians, milk producers and dealers, attorneys, and business men to consider and report upon the local milk supply and to suggest legislation to that end. Those engaged in the industry regarded the investigation as a "meddlesome interference with the trade." Milk is a vehicle of the germs of tuberculosis, typhoid fever, cholera infantum, scarlet fever, and other infectious diseases.

It has been shown by the most painstaking investigations, extending over a long period of years, that certain diseases in the animal are communicable through the medium of the milk, this being especially true of tuberculosis, foot-and-mouth disease, anthrax, and cowpox; and that diseases like garget, gastro-enteritis, and septic fevers in the cow will render the milk morbific to man.

It has been shown that animals which have fed on poisonous forage plants or have been treated with strong medicaments are disqualified from producing a pure or sound milk.

During the past twenty-five years there have been published in the different medical journals the histories of 195 epidemics

of typhoid fever, 99 of scarlet fever, and 36 of diphtheria, all traceable to the milk supply.

In the recent exhaustive investigation conducted by the highest health authority in this country, viz., the United States Bureau of Public Health and Marine-Hospital Service, the Commission definitely traced 85 of the 866 cases of typhoid fever (about 10 per cent.) in the District of Columbia to the use of infected milk.

It has been shown in a former report that in the District of Columbia about one-fourth, and in the country at large about one-sixth, of all the children born perish before the completion of the first year; that nearly one-half of the deaths in children under one year of age are caused by gastro-enteric diseases, chiefly infantile diarrhea; and that of the 54,047 infantile deaths which have been investigated at home and abroad with reference to feeding, 86.6 per cent. had been artificially fed, all of which points with more than mere suspicion to the fact the morbific agent is introduced into the body with the food (cow's milk).

The committee on certified milk and the committee on sanitary relations of the milk supply have both emphasized the importance of cooling milk and keeping it at the temperature below 50° F., except as may be necessary in the process of pasteurization or sterilization, until the milk is delivered to the consumer. The reason for this is that the milk when it leaves the udder contains very few germs; the majority gain access during handling, especially when the milking is done in a dusty stable, or from excrementitious matter adhering to the teats and udder of the animal. These germs multiply with astonishing rapidity whenever the temperature of the milk is above 50° F., and if disease germs are present their proliferation augments the chances of infection. A temperature of 58° or 60° F. will not subserve the interests of public health. So, for example, "Petruschky has shown that at a room temperature a streptococcal content of 300 per cubic centimeter may increase in twenty-four hours to one of 10,000,000; but the same milk kept at 50° F. yielded but 30,000, or about one thousand as many." (Harrington.)

Von Freudenreich (Daily Bacteriology, London, 1895) exposed a sample of milk containing 153,000 bacteria per cubic inch to a temperature of 59° F. One hour after it contained 539,750 bac-

teria per cubic inch; two hours after, 616,250; four hours after, 680,000; seven hours after, 1,020,000; nine hours, 2,400,000; twenty-five hours after, 85,000,000.

The public needs proper education that clean milk is a necessity and that infants' sickness and funerals can be reduced at least 40 per cent. *It costs more to produce clean and wholesome milk and the consumer will have to pay at least a portion of it.* "Certified milk is reasonably safe, but this is no guaranty that it may not occasionally contain germs of disease, and those who desire to guard against this slight risk should pasteurize it in the home." The committee in the interests of public health strongly advocates clarification and pasteurization of all milk. "This, to be sure will not make bad milk good, but it will at least destroy its power to transmit disease germs." Pasteurizing plants under the supervision of the Health Department should be established. "Milk should never be sold by grocery stores or milk shops unless it has been delivered to such establishments in original sealed bottles, and then only when there is provision for maintaining the milk at a temperature of 50° F.

The Director of the Hygienic Laboratory of the United States Bureau of Public Health and Marine-Hospital Service, Bulletin No. 42, unhesitatingly recommends compulsory pasteurization of all milk not certified under class 1 or class 2 of Doctor Melvin's classification. The classification referred to is as follows: Class 1. certified milk for infants, as hereinbefore described. Class 2. clean raw milk from healthy cows, as determined by the tuberculin test and veterinary physical examination; the cows to be housed, fed, and milked under good conditions, but not necessarily equal to the conditions provided for class 1; pure water, as determined by chemical and bacteriological examination, to be provided; the bacteriological count of the milk not to exceed 100,000 bacteria per cubic centimeter, at the time the milk reaches the city, at any season of the year, as determined by the Board of Health Department at frequent intervals; milk to be delivered to the customer in sterilized containers to be filled upon the dairy farm, and the temperature of the milk not to exceed 50° F. until delivered to the consumer.

THE TERMAL DEATH POINTS OF PATHOGENIC MICRO-ORGANISMS IN MILK.

BY MILTON J. ROSENAU.

(Surgeon and Director Hygienic Laboratory U. S. Public Health and Marine-Hospital Service. Hygienic Laboratory Bulletin No. 42. January, 1908.)

The temperature at which milk should be pasteurized hinges on the thermal death points of the pathogenic micro-organisms which contaminate it. The pathogenic micro-organisms most frequently found in market milk are those causing tuberculosis, typhoid fever, diphtheria, scarlet fever, dysentery, and Malta fever. Fortunately none of the organisms causing the above-mentioned diseases has resisting spores. Moderate degrees of heat are, therefore, sufficient to render milk safe so far as these dangers are concerned. Although it would appear to be a comparatively simple matter to determine precisely the temperature at which micro-organisms die, such work is in fact surrounded by many difficulties and pitfalls; different investigators have come to widely different results. Some of these discrepancies are only apparent and may be explained by the relation of time to temperature. The longer the time of exposure, the lower the temperature necessary to kill any organism. Differences in methods are also responsible for differences in results.

It is difficult to determine precisely at what moment or at what temperature a micro-organism dies. The fact that a micro-organism will not grow upon artificial media is not always a sure sign that it is dead; but with the exception of the tubercle bacillus it is safe to assume that ordinarily bacteria that fail to vegetate upon suitable media under favorable conditions have at least lost their virulence and power to infect, especially when ingested by the mouth.

We know, however, that the vegetability of micro-organisms in vitro does not always correspond to their ability to grow in the animal host. This is especially true of the tubercle bacillus. On account of the reluctance with which this bacillus grows upon culture media, it is necessary to resort to animal inoculations in

order to determine its thermal death point. It is proper to assume that the tubercle bacilli in milk which are so attenuated as to be unable to cause tuberculosis when injected into the peritoneal cavity of a young guinea pig would be harmless when ingested by man.

In these experiments upon the guinea pig it is important to differentiate the lesions produced by dead tubercle bacilli, which closely simulate those caused by the live tubercle bacilli. In doubtful cases it is necessary to inoculate the products of the lesions into another animal to determine the presence or absence of living micro-organisms.

The cultural experiments upon thermal death points are surrounded by many sources of errors and numerous pitfalls, all of which must be avoided.

My experiments were designed to imitate the conditions of practical pasteurization. The micro-organisms were heated in open test tubes and the temperature and other factors accurately controlled. Scum formation was disregarded, as it was my intention to reach results that might be applied with confidence in practical pasteurization on a large scale against natural difficulties.

My results of nine series of tests upon guinea pigs with five cultures plainly show that in milk the tubercle bacillus loses its virulence and infective power when heated at 60° C. for twenty minutes; in other words, it may be considered dead. When heated to 65° C. as much time is necessary.

It should be remembered that the milk in these tests was very heavily infected with virulent cultures, indicated by the prompt death of the control animals. Milk practically never contains such an enormous amount of infection under natural conditions. It is justifiable, therefore, to assume that if 60° C. for twenty minutes is sufficient to destroy the infectiousness of such milk when injected into the peritoneal cavity of a guinea pig, and ordinary market milk after such treatment would be safe for human use by the mouth so far as tubercle bacilli are concerned.

The evidence is plain that milk heated to 60° C. and maintained at that temperature for two minutes will kill the typhoid bacillus. The great majority of these organisms are killed by

the time the temperature reaches 59° C., and few survive to 60° C.

The diphtheria bacillus succumbs at comparatively low temperatures. Oftentimes it fails to grow after heating to 55° C. Some occasionally survive until the milk reaches 60° C.

The cholera vibrio is similar to the diphtheria bacillus so far as its thermal death point is concerned. It is usually destroyed when the milk reaches 55° C., only once did it survive to 60° C. under the conditions of the experiments.

The dysentery bacillus is somewhat more resistant to heat than the typhoid bacillus. It sometimes withstands heating at 60° C. for five minutes. All are killed at 60° C. for ten minutes. However, the great majority of these micro-organisms are killed by the time the milk reaches 60° C.

So far as can be judged from the meager evidence at hand, 60° C. for twenty minutes is more than sufficient to destroy the infective principle of Malta fever in milk.

Milk heated at 60° C. and maintained at that temperature for twenty minutes may, therefore, be considered safe so far as conveying infection with the micro-organisms tested is concerned.

C. B. LANE, SUPPLEES' ALDERNEY DAIRY, PHILADELPHIA, PA.

At the International Tuberculosis Congress, held in Washington, D. C., 1908, it was made clear that tuberculosis in its relation to milk products to dealers and consumers was one of the greatest problems before the world to-day and that it must be solved at any cost. The weight of evidence indicates that tuberculosis is transmittable from animal to man and that milk from tuberculosis cows is dangerous as a food product.

In leading up to the tuberculosis question I will review briefly some of the steps taken in the past to better the quality of milk. One of the first efforts was through the establishment of standards for fats and solids by various states and some of the larger cities. The delivery of milk in bottles was another method to better the quality of the milk and was a decided improvement over the old "dipping" system. Many progressive dealers made an effort to

secure a hight fat milk from the better grade of dairies for their trade; while this was, of course, limited, it was a feature in improving the quality of milk. Commercial pasterization was another effort to put milk out to the consumer in a better condition.

The certified milk movement had for its object the securing of an ideal milk supply, and while this was also limited it unquestionably has a great influence in the improvement of market milk by placing before the public the highest ideals in milk production. This was followed in many of the large cities by the establishment of infant milk depots, the object of which was to place a pure, clean, safe milk within the reach of the infants. Statistics show that this work has reduced the death rate very greatly, in some instances it has been reported as high as 50 per cent.

The application of the tuberculin test to any herd properly controlled for a period of five years will eliminate all diseased cows and will avoid any expense for loss after that time. It will cost the public one cent per quart during that period.

DR. E. C. SCHROEDER OF THE BUREAU OF ANIMAL INDUSTRY, WASHINGTON, D. C.

"If the public was informed of the dangers, among which tuberculosis is one of the many, to which it is exposed through the use of impure, dirty and infected milk, the demand for milk of approved purity would rise to the magnitude of a concerted national movement."'

Farmers when fully advised cheerfully co-operate.

Pasteurization of milk in the city does not prevent the spread of the disease among the animals in the country. It does not prevent the forty million dollars annual loss to the animal industry in this country.

DR. H. L. RUSSELL, DEAN OF COLLEGE OF AGRICULTURE, MADISON, WIS.

No one claims that the larger portion comes from bovine sources, but there is evidence that a certain portion does come through this source. We have got to force this question whether

we want to or not. We have a million and a half dairy animals in our State and it would require too many inspectors to enforce a State law prohibiting the sale of milk coming only from tuberculin tested cows. It will of necessity temporarily increase the cost of milk to the consumer. In Denmark at one time 40 per cent. of the herds had tuberculosis. Something must be done to avoid similar condition here. Co-operation between all interested is necessary to stamp it out.

B. H. RAWL, CHIEF OF DAIRY DIVISION, BUREAU OF ANIMALS INDUSTRY, WASHINGTON, D. C.

After securing co-operation between the interested parties, competent teachers rather than inspectors are essential to represent the State among the farmers. The problem of clean milk is one that involves the inspector or teacher, the producer and the consumer. The producer must be taught how to conduct his dairy in the economical way, so that an exorbitant price will not be necessary in order to enable him to make a reasonable profit on it. The inspector must be a teacher and the consumer must realize the difference in value of the product and must be willing to pay a reasonable price for high quality and thus make it possible for high quality to be produced profitably.

DR. G. KOEHLER, CHIEF FOOD INSPECTOR, DEPARTMENT OF HEALTH, CHICAGO, ILL.

Pasteurization is highly important, and its missunderstandings are based upon the different meanings of the term on account of the varying amounts of heat applied and results accomplished. It is done for two reasons. Firstly, to enhance the keeping qualities of the milk. This is accomplished by destroying the lactic acid bacteria. Secondly, it is necessary as a means of rendering a safe milk supply that could not otherwise be procured in large enough quantities to supply our rapidly increasing urban population. In the city of Chicago two epidemics of typhoid fever were traced directly to the milk supply. In Washington it was found that 10 per cent. of the cases of typhoid fever have resulted from infection by milk. In a recent thorough investigation of

milk-born epidemics made by Dr. J. W. Trask and reported in Bulletin No. 41 of the Public Health and Marine Hospital Service, 179 epidemics of typhoid, 51 of scarlet fever and 23 of diphtheria were traced directly to the milk supply. The only way to practically eliminate the spread of contagious diseases seems to be the proper pasteurization of the milk, and through adequate control guard against improper pasteurization. Certain bacterial standards prove to be essential for pasteurization.

EXPERIENCE OF A LARGE FARMER FOR THIRTY YEARS, WHO KEPT AN ACCURATE ACCOUNT OF THE COST OF PRODUCING MILK.

By Alfred Ely.

(Attorney for Consolidated Milk Exchange.)

I have taken the last six years returns from my farms, with respect to which I have kept accurate statistics, and I have averaged those last six years returns in a variety of ways.

I have taken four farms for the six years and averaged them. I have then taken two separate farms and averaged them together for six years, the conditions on those two farms being almost identical in so far as it is possible to have two farms operating under the same conditions.

I have taken one other farm where the conditions were better than the two preceding farms and averaged those up for six years, and I have averaged this last farm back, for eleven years.

I find the price of milk which I have received for those six years, averaged up, is as follows, this being the actual price per quart actually received by me in cash, the gross receipts being divided by the gross number of quarts, so that this result is without any connection whatever with any posted price or contract price, the differences resulting from the fact that more money might be made under one price, or more money might be made in the winter months than the summer months, or vice versa:

For four farms averaged for six years, beginning April 1, 1903, and ending April 1, 1909, I received .0299 cents per quart; that is one-hundredth of a cent less than three cents. My feed during those six years averaged up for the *four* farms was 49 per cent.

of the price received, and my proceeds for cow milking averaged for the six years on the four farms was $50.03, *after* deducting the feed bills for mill-feeds.

Now, during this period and under the same average it took 1.15 pounds of feed to make one quart of milk, at an average cost per quart of $0.0141. That is one and four-tenths cents for the mill-feed.

Now, take two other farms where the conditions are identical as far as it is possible for them to be; they lie right together as parts of the same tract; for the six years I received .0296 cents per quart. The cost of the feed was approximately .368 per cent. of the price. The proceeds per cow milking after deducting the feed bills, but making *no other* deductions, was $54.37 per cow milking.

Now, take one other farm, a farm by itself, not included in the foregoing, for the same six-year period, averaged, my actual price received was $0.0299 per quart. The feed was 43 per cent. of the price. And the receipts per cow milking, after deducting the feed bills, was $64.98.

Now, take the same farm for 11 years, beginning with April 1, 1898, and ending April 1, 1909, my price received was $0.0272 per quart. My average feed was .418 per cent. of the price received (I am speaking only of my own prices received) and the receipts per cow milking, after deducting the feed bills for eleven years, was $59.73 per cow milking. It took during those eleven years 1.7 pounds of mill-feed, averaged through the year, to make a quart of milk, at an average price for the eleven years of $0.0114.

THE REFEREE.— You mean grain or feed?

THE WITNESS.— I mean all feed that is fed, weighed up by the pound and averaged for the year. I know what I am feeding; I keep track. That is *all* the feed that is fed. Mill-feeds.

Now, the average feed fed during the six years, averaged up for all these farms, and under varying conditions, was .421 per cent. of the price received for the milk; slightly over 42 per cent. So that is a very close approximation, and in my opinion that is

an almost absolutely accurate approximation of the cost of feed in producing one quart of milk; 42 per cent of the price received is expended in feed. In other words, the price of milk as averaged being $0.0299 per quart, the cost of feed per quart is $0.012588; so there is one cent and about twenty-six one-hundredths. Now, the cost of labor, maintenance of machinery and teams and other items of that kind, on the same basis, is .008656 cents per quart for this period; that leaves a balance of slightly over eight-tenths of a cent per quart to the farmer is all that is left to pay the following items: Taxes, which will average about $4 per cow; insurance, all repairs to buildings and plant, all interest on plant and the investment, and any profit there may be.

Now, in my opinion, there are very few farmers who have any such accurate statistics running over a period of years out of which it is possible to make any computation of costs, and in my judgment those figures are substantially accurate results.

The Referee.— Do you figure in there any allowance for administration?

The Witness.— None whatever; that is, none whatever for myself, nor supervising.

Now, I would like to add this: Since 1898 the average price of milk to the farmer has been steadily increasing, and taking one of my farms for those eleven years, the following are the prices which I have actually received for my milk for the year, based on (a division of) the gross receipts from the milk divided by the actual number of quarts sold; those are all farm year calculations; bear in mind that the farmer knows nothing about the calendar year, and any attempt to figure upon the calendar year will result in errors:

April 1, 1898, to April 1, 1899, at .021 per quart.
April 1, 1899, to April 1, 1900, at .0231 per quart.
April 1, 1900, to April 1, 1901, at .0247 per quart.
April 1, 1901, to April 1, 1902, at .0237 per quart.
April 1, 1902, to April 1, 1903, at .0268 per quart.
April 1, 1903, to April 1, 1904, at .0257 per quart.
The average of those six years is .0242 per quart.
April 1, 1904, to April 1, 1905, at .0257 per quart.

April 1, 1905, to April 1, 1906, at .0293 per quart.
April 1, 1906, to April 1, 1907, at .0302 per quart.
April 1, 1907, to April 1, 1908, at .0346 per quart.
April 1, 1908, to April 1, 1909, at .0339 per quart.
That you see is three and four-tenths cents almost.

Those were the actual prices which I received during those years at this particular farm, which is fairly standard.

Now, during that same period there have been great fluctuations in the amount of feed required to produce a quart of milk, and there have been some fluctuations in the value of the feed in comparison with the price, but the cost of feed in 1908 and 1909 was the highest we have ever known it to be and was 50 per cent. of the gross receipts of the price received, so that upon a price received of three and four-tenths cents one and seven-tenths cents went to feed. We had to pay that year as high as thirty-one and thirty-two dollars per ton for feed; and it takes just as many pounds of feed to make a quart of milk that year as it did any other year.

Now, during that last year my balance per cow milking, after deducting my feed bills, was $63.95 per cow, while the preceding year, 1907-8, the feed bills were only about 36 per cent. of the price and my balance per cow was $100.86 per cow milking.

Now, as a general result of these figures, and my own experiences for thirty years, in farming, my observation of my friends and neighbors who are around me in all directions, I want to say that in my opinion there is no approximate cost for the production of milk per quart, but that the cost will vary according to each farm and according to each farmer and the conditions under which he is operating, and also according to the quantities of milk which he makes each month during the year, in my opinion the one most important fact with reference to the cost of milk and the profit to the farmer is the quality of the cow, with the single exception of the number of pounds of feed which it takes to make a quart of milk. A ten-quart cow or eleven-quart cow costs no more than an eight-quart cow.

THE REFEREE:

Costs no more to feed?

THE WITNESS:

Costs no more to produce the milk from one cow than from another; it costs no more to produce an average of 11 quarts than 8 quarts per day, except the cost of the feed.

The difference between two of my farms which I have given you are explained in this way — some of the differences: The average cost per cow milking per day for four farms, averages for six years, was 8.98 quarts per day per cow milking. Now, two of those farms, however, produced an average of 8.28 quarts per cow per day only. During the same period one of those farms produced 10.63 quarts per day per cow milking, and this same last farm for an average of eleven years produced 10.39 quarts per day per cow milking during the entire eleven years. That difference of two and a half quarts per day makes a difference between a profit and no profit.

I would like to say another thing. One of the greatest elements of expense — the two great elements of expense to the farmers in producing milk are, first, the cost of feed, which has more than doubled; I have bought the same feed at twelve or thirteen dollars per ton that I am now paying twenty-nine or thirty dollars; and, second, the item of labor, which has more than doubled in the last fifteen or twenty years, in my judgment owing very largely to the operations in this country of the protective tariff laws which have attracted all the labor possible into the manufacturing villages where the profits of business permit the payment of higher wages, than it is possible for the farmer upon these close margins to compete with.

THE REFEREE:

How do you account for the fact that if labor has doubled, and with double the cost price and feed that the farmer is making now more than he did twenty years ago?

THE WITNESS:

The reason is this: We are farming far more intensely. Take one of my places I have in mind, I am carrying on an average of 50 head of stock, and when I began I had great difficult in carrying 20 or 25, and my gross receipts are double from the same farm what they were thirty years ago, twenty-five years ago.

THE REFEREE:

Accounted for by the more intelligent handling of the soil?

THE WITNESS:

Intense farming. I am making milk twelve months of the year, and in the old days we made it eight months.

This is to certify that the foregoing is a synopsis with appendix, as prepared by me, of the testimony taken before me in the foregoing proceeding.

Dated, New York, March 23, 1910.

WILLIAM GRANT BROWN,

Referee.

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